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Ukraine National Initiatives to Enhance Reforms Project

Semi-annual Performance Report

1 October 2012 – 30 March 2013

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Submitted by Pact, Inc.

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I Executive Summary

The beginning of Ukraine National Initiatives to Enhance Reforms (UNITER) project's fifth year was marked by the Parliamentary election which created additional opportunity to civil society to advocate on the important issues on agenda. With intensive media campaign and public dialogue with politicians, CHESNO managed to put transparency of the elected government high on agenda. Pact's partner Ukrainian Center for Independent Political Research continued to advocate for further reform of enabling environment and as a result the Law on Charity and Charitable Organizations finally was signed and came into effect on January 29, 2013. Pact also facilitated a discussion on the quality of the policy research supply and demand for it from different stakeholders. In March Pact conducted the conference that presented the research named "Think Tanks in Search of their Voice" which provided 360 assessment of the policy research in Ukraine. In close cooperation with ISAR Ednannia Pact continued to develop governance over Capacity Development Marketplace and gradually transitioning the ownership over it. Finally, Pact's key partners undertaken another step in refining their internal capacities and prepared themselves to international audit and Non-US organizations Pre-Award Assessment (NUPAS). Besides assessment of internal financial systems, partners also went through in-depth assessment of their ability to influence the environment and adapt to the external threads.

Main outputs of the six month period included:

- 361 NGOs were supported in their advocacy efforts. This includes 32 direct UNITER grantees and their partners
- 27 advocacy campaigns were supported, addressing such issues as transparency in public procurement, enhancing citizen participation mechanisms, land reform, creating enabling legal environment for philanthropy and NGOs, and healthcare reform.
- 36 policy changes have been achieved, 10 of them – on the national level.
- 9 positive modifications to enabling legislation for civil society were made. This include 5 national-level and 4 local-level policy changes.
- 127 NGOs used USG assistance through UNITER to improve their organizational capacity
- 120 Capacity Building Vouchers were redeemed

Pact's methods of intervention to attain its objectives and address civil society needs are based on:

- Facilitation and networking – encouraging issue-based relationships to influence the local constituency's mindset change and assist in changing donor practices.
- Infusing innovative and entrepreneurial approaches in civil society – supporting market-based, entrepreneurial approaches in civil society projects and capacity building to sustain Ukrainian civic courage and NGOs and preparing them for the post-donor environment.
- Reinforcing home-grown leadership in civil society – identifying and matching local needs with local solutions by reaching out to spheres of public life that are not traditionally considered part of the "third sector."

In the last year of UNITER project, Pact placed special emphasis on:

- Addressing the critical challenges in Ukraine's democratic decline by supporting national policy advocacy and election related initiatives. Pact has assisted Ukrainian partners in civic education and mobilization during election period. Pact also supported campaigns that

aimed at ensuring greater transparency and accountability including such issues as national and local referendum, public procurement, and promotion European integration.

- Stimulating demand and facilitating the improved quality of the policy research. Through 360-degrees assessment and public discussion with key stakeholders, Pact contributed for further promotion of the high-quality research from independent think tanks.
- Strengthening sectoral leadership of the key partners through preparation to international audit and assessment of their sectoral leadership. Pact also supported transition of its flagship initiative of Capacity Building Marketplace to local organization.

II. Political context and civil society development in Ukraine

Political Environment – Ukraine failing democracy tests

Without progress in democratic reforms, prevalent corruption, and stagnated economy, Ukraine remains in the bottom of several country rankings.¹ Ukraine failed another major democracy test with the controversial Parliamentary election held at the end of October in 2012. Being an important milestone for Ukraine's democracy, Ukraine's elections did not meet international standards. It was widely criticized for being not free and not fair.² The electoral campaign was characterized by the widespread abuse of administrative resources, opaque campaign and party financing, and lack of balance in media coverage. The tabulation of the results in nearly half of the electoral districts was assessed negatively and, due to manipulations, five electoral districts were unable to determine the results. While the re-election in the problematic districts is still debated, new challenges to Ukraine's democracy emerging including battle for the Kyiv mayor elections, national referendum legislation, and limitation of freedoms of assemblies.

The predictable low support of the ruling party in the capital of Ukraine and doubtful consensus on the single opposition candidate makes Kyiv city elections an important step in preparation for next Presidential election in 2015. The ability of the opposition to agree on one candidate will be critical for the results of both of these elections. The legislative changes introduced in 2010 strengthened the role of the Head of Kyiv Administration appointed by the President and undermined the role of the elected mayor. For Kyiv to have legitimate mayor with the full authority requires a series of legal, bureaucratic and political decisions to be made on both fronts making it another struggle for ensuring democratic process. Yet – or rather, due to this elevated importance – authorities, missed all possible deadlines so far and failed to pronounce date of the Kyiv elections. Changes during the past years of the legislation regulating the terms of the mayor and the Council and the resignation of the previously elected mayor have raised debates on when the elections should be held at all.

The legislation on national referendum adopted in November last year is another signal of divergence from liberal democratic principles. Referenda are intended to serve as a form of direct democracy to engage citizens in particular policy choice. In Ukraine's reality, legal theory may turn into a very practical tool for further strengthening the political majority's social engineering. The newly adopted referendum bill establishes procedures that allow room for manipulation. NGOs and democracy defenders several times warned that fundamental questions determining Ukraine's political construct are at stake. They caution that the country's geopolitical integration, its constitutional framework and electoral processes can without sufficient checks and balances be turned around. The legislation is frequently criticized for a number of procedural flaws that will allow approval of favorable decisions for the government with a minimum votes. Just to name a few: the law does not require a minimum turnover; it prescribes the procedure for assigning referendum commissions that does not guarantee its independence from executive government; it limits public discourse in the media of issues put forth for referendum. The law also fails to

¹ In its Freedom in the World report in 2013 Freedom House acknowledged a downward trend in democracy, World Bank's Doing Business 2013 report ranks Ukraine as 137 out of 185 countries.

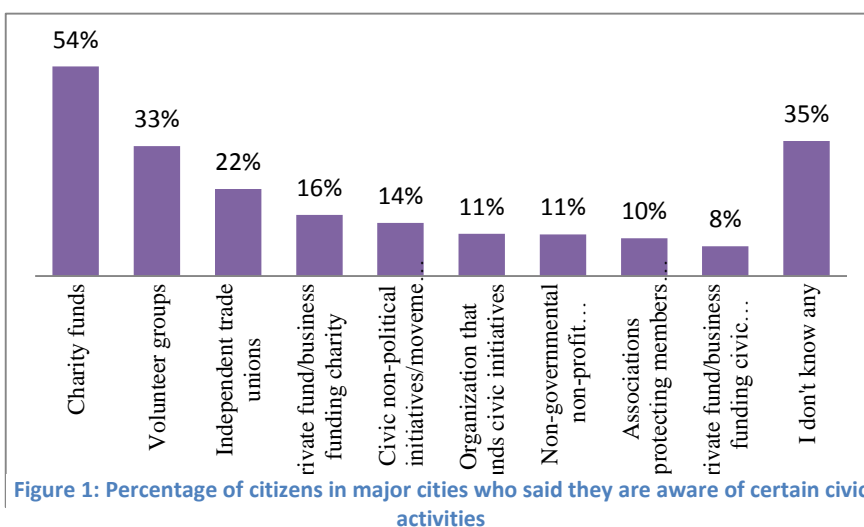
² OSCE/ODIHR Election Observation Mission Final Report on Ukraine's Parliamentary election mention multiple issues that undermined the electoral process <http://www.osce.org/odihr/98578>

prescribe procedures on how the referendum questions are drafted; on the role of the Parliament and Constitutional Court in ensuring that the policy options proposed for referendum are in line with constitution and other legislation; on the method and timeline a policy adopted via referendum might be amended in the future. While politicians hinted several preparatory steps for referenda to have begun, the public is left misguided on what particular issue(s) might be put on referendum in – presumably – the nearest future.

Lack of progress in adopting and observing European standards prompted the EU to delay pursuing the crucial Association Agreement with Ukraine. Domestic and international human rights watchdogs recurrently “sound the alarm”³ about the worrying decline of democratic governance in Ukraine but so far with no avail. The country’s clock is ticking until November 2013, the last deadline for Association Agreement to be signed between Ukraine and the EU during the Eastern Partnership Summit in Vilnius. The President’s recent pardon to and consequent release of former Minister of Interior Yuriy Lutsenko may signal a U-turn. But the EU conditions touch complex and neuralgic areas, all of which require further fundamental efforts, more than a single symbolic release of opposition figures.⁴

With its sack full of severe criticisms of its internal democratic processes, in January, Ukraine had begun its OSCE chairmanship for the year. Ironically, the OSCE is the one organization aimed to protect political, military and human security in the post-Communist space. Like Kazakhstan in the not-so-distant past, the criticism of other OSCE participating states about Ukraine’s domestic affairs will likely undermine its ability to play the chairman role effectively and implement its agenda. With its discredited electoral process and imprisoned opposition leaders, Ukraine will have less credibility and voice on human rights issues in OSCE.

The country’s civil society continues to face the gargantuan task of educating and mobilizing citizens for change. Ukrainians see little hope for politics to change the course. They retreat to await a divine intervention, rather than expecting institutions to protect them or taking action by themselves.⁵ They theorize about electoral democracy as the most preferred form of governance but consider Ukraine’s governance as façade democracy. For good reasons, they trust no democratic institutions and realize



³ Freedom House (2012): “Sounding the Alarm: Protecting Democracy in Ukraine.”

⁴ The EU declared that it expects fulfillment of three vital pre-conditions to reopen the dialogue: electoral reform fully adhering to international standards, perceptible reforming the judiciary and preeminently to stop selective persecution of political opposition, and following through the so-called Association Agenda.

⁵ Among the institutions of Ukraine’s democracy, by far the most trusted is the Orthodox Church.

that, to put the country back on its democratic development path, actors are to be found outside of formal political institutions. Civil society organizations and activists remain the islands of hope in pushing back on democratic decline. But the masses, and in particular people that are geographically distanced from the capital have little understanding, options and support to take an active part in Kyiv and the main cities' more vivacious civic life.

Awareness of Civil Society and Citizen Engagement

While citizens' awareness of different forms of legal institutions and civic movements grows, it does not translate into more civic activism. The polling data⁶ shows that the most well-known civil society organizations are oligarchs' charity funds such as the Pinchuk ANTI-AIDS Foundation and the Rinat Akhmetov Foundation for Development of Ukraine. These spend significant amount of funds on PR and communication but little direct connection to citizens. Ukrainians are also aware of the logos of some of the civic movements but they barely associate them with the civic activities. About quarter of those who said they did not know about any civic initiatives could identify the logo of either Femen, the Akhmetov Foundation or National Exit-poll.

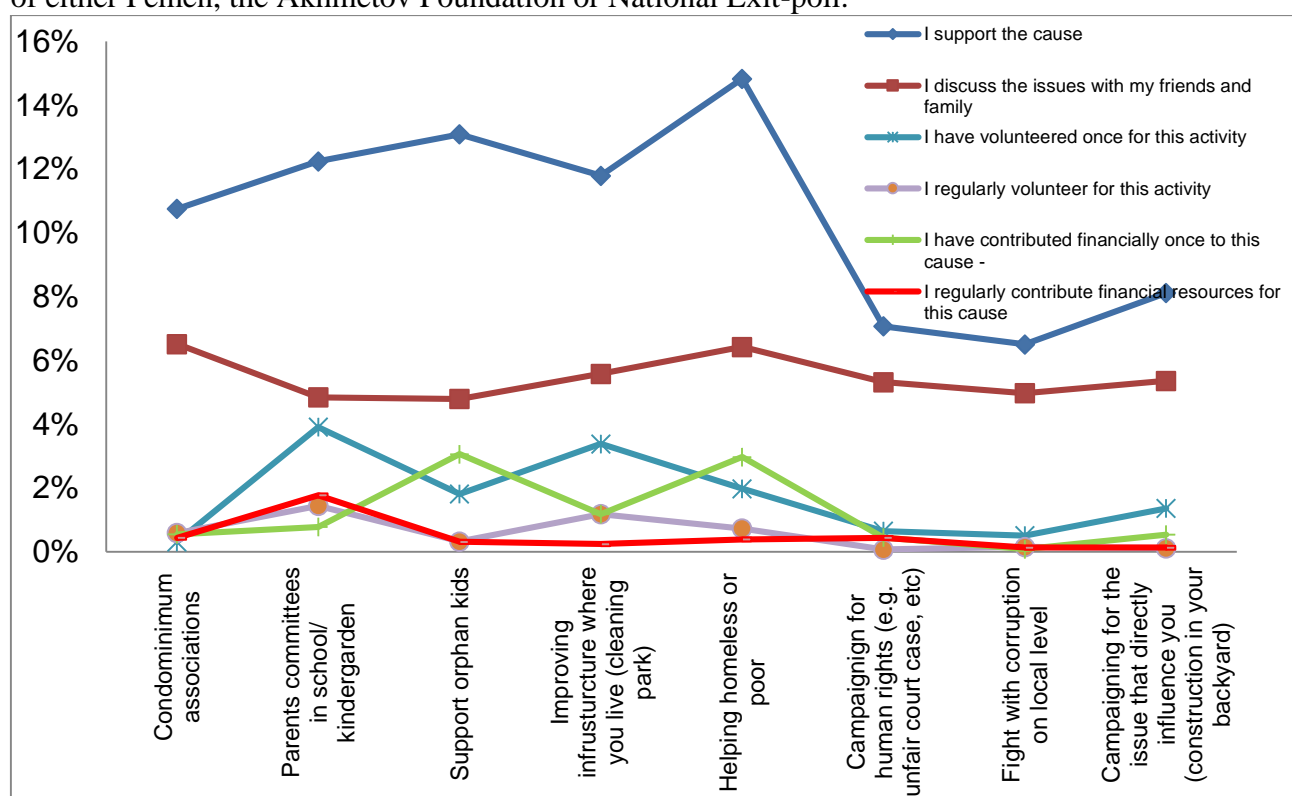


Figure 2: Percentage of respondents who report that they supported particular cause in different way

Lack of engagement of citizens in civil society can be explained by lack of trust and various obstacles from both sides. From the citizens' side there is little engagement in any activities even those that are directly related to personal well-being such as their condominium management or their children's education. When explaining their lack of engagement, the majority of citizens

⁶ Here and further the data used from the representative polling commissioned by Pact on civic engagement and participation. The polling was conducted during April 2013 and included 1200 citizens who live in major cities.

mention the lack of motivation and time to participate; the belief that government should take care of the issues that civic leaders are tackling and exhibit a total lack of self-confidence about their own ability to make change. Respondents' general paternalistic views about the state, consumerism of ideas and indifference towards participation triggers the need for continued civic education and mobilization that delivers positive examples of change brought by the citizen. To invigorate the current state of civil society and reverse the overall apathy there is a need to promote a concept of active citizen who is able to bring change in his own community.

What stops you from participation in civic initiatives?

• I don't have time/motivation to participate in such type of activities	25.12%
• I think that government should take care of this issue	22.57%
• I don't believe they can influence situation in this field	18.74%
• No one has invited/asked/offered me anything	17.44%
• I don't know of opportunities available	17.14%
• I myself need assistance as I belong to the vulnerable group such initiatives serve	13.41%
• I have not found the initiative that I would like to join	12.53%
• I don't trust the initiatives that I know of	10.06%

Civil society organizations, on the other hand, are also fail to employ all available means to address and engage citizens. There is significant interest of citizens in learning about available tools for participation. The percentage of those who want to learn more about tools to participate are significantly higher than the percentage of those who have already used any of these tools. Despite the lack of engagement and awareness, the majority of those who know about various types of civic activism agree that they are tackling important issues in society but sometimes their work is seen as non-systemic. Citizens would want to be more proficient on reporting about potholes in roads or other infrastructural issues; they are willing to learn how to monitor the government work or submit FOIA request. The only engagement mechanism from the many listed that is known and tested by citizens is peaceful assemblies. Civil society should build on this interest and educate citizens on the available practical tools to improve quality of life. These tools together will encourage greater citizen participation, strengthen citizens' bargaining position, and accountability of the government.

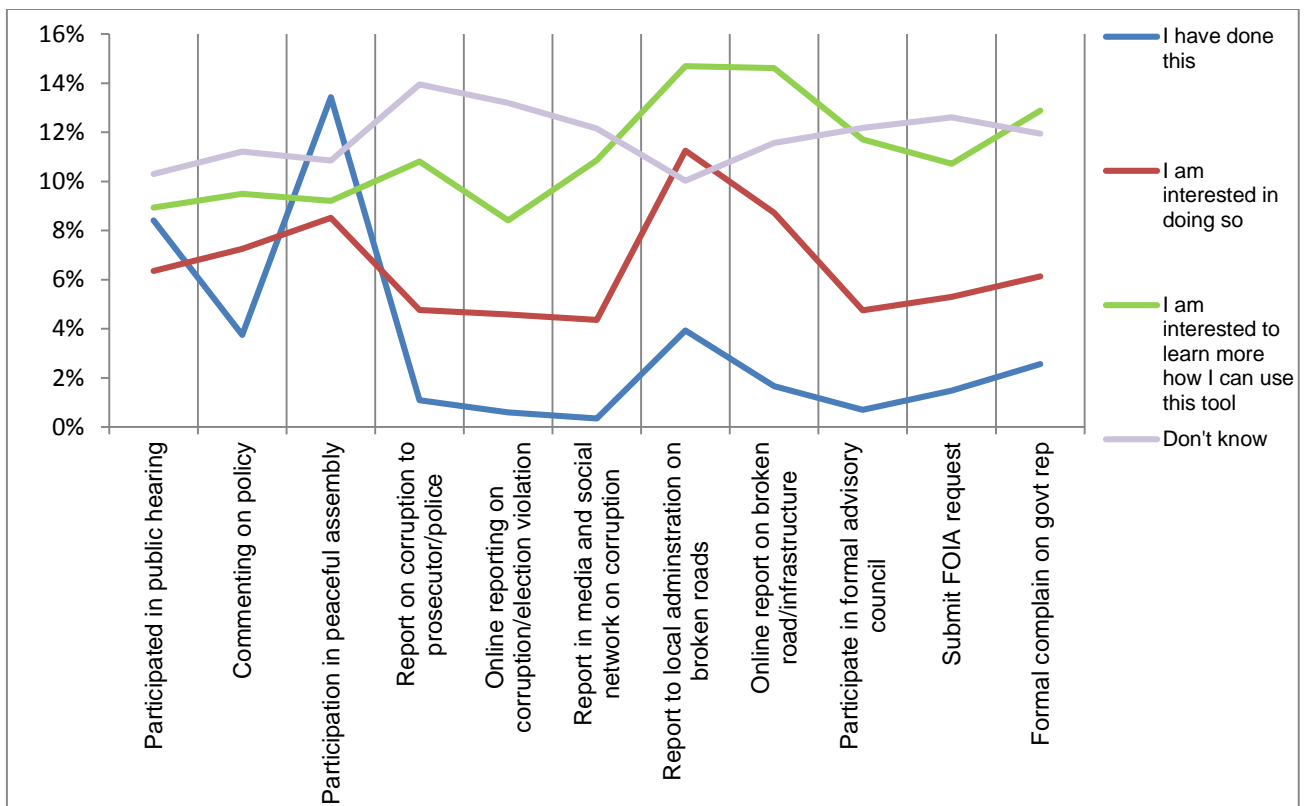


Figure 3: Have you ever took part or were interested in such activities?

Does citizens' awareness matter?

Citizens are aware of those civic initiatives that are featured in mainstream media. The foundations named after oligarchs tend to spend significant amounts on their PR including inviting world-famous performers for the concert in the main square of Kyiv or social advertising on TV. Other civil society organizations that do not have millions to spend for the air time have to fight for the media space by mastering PR. For example, Femen whose logo is recognized by over a quarter of respondents managed to draw the attention by naked protest. Being able to attract attention even internationally, Femen's loud voice and visuals are weak in promoting any specific agenda. While others are not able to act so radically for the media coverage, they have to invent other means of getting through the barriers. Some advocacy organizations like Ukrainian Community Advisory Board (UCAB)⁷ are able to use public events in a more strategic way by creating pressure for important policy decisions to be made. But in order to get wide recognition from the citizens, this effort has to be more consistent and widespread. CHESNO is another active civic education campaign that through numerous public events throughout the country, high-profile forums and media catchy data managed to get high on public agenda.

⁷ UCAB is UNITER partner that advocates for patients' rights successfully using media and public events to promote their agenda. They are advocating for transparent procurement and allocation of funding for procurement of drugs for HIV/AIDS, TB and hepatitis treatment.

CHESNO brand and agenda awareness

- over 10 mln citizens have received the CHESNO message through various media sources (from media monitoring and CHESNO reports)
- 7% of respondents recognize CHESNO brand mostly from presence on TV and in internet
- around 80% of citizens rate all CHESNO criteria as very important or important
- 53% believe that MPs do not vote personally of them:
 - 72% have heard about this on TV and 52% personally observed this during live broadcast from VR
 - 94% believe that this practice should be stopped: 70% believe that MPs that give their cards should be dismissed and 64% believe that those who vote for others should be dismissed too. 36% believe that there should be fine for non-personal voting and 30% think that media should report, so that voters will know who is not voting personally
 - 59% have read an article about non-personal voting and 57% discussed the issue with non-personal voting in the parliament
 - 34% have heard about initiative that publicly talking about the issue of them only 12% recognized CHESNO brand

CHESNO's impact on the public discourse and directly on citizen's attitude sheds light on the ultimate goal of civic education and mobilization. CHESNO reached over 10M citizens through aggressive use of media. And although only 7% of Ukrainian citizens in large cities recognize the CHESNO logo, more than half of Ukraine's population is aware of the issue of non-personal voting in the Parliament. Citizens learn about CHESNO's agenda from TV coverage, and many observe this personally during the broadcast of the sessions of Verkhovna Rada. In fact, citizens who are aware of non-personal voting strongly believe that this practice should be stopped and that MPs who are given away their cards as well as those who are voting instead of others should be dismissed. More than half of those who are aware of the issue have read an article about non-personal voting and discussed the issue with their friends, colleagues or family members. One-third of the same group also has heard about the civic initiative publicly discussing the issue of personal voting and only 12% connected it with the CHESNO.

So does the fact that citizens en masse are not aware of CHESNO brand matter at all? Is Femen more successful in promoting its goals than CHESNO? And whether UCAB has failed its wide outreach? For the effectiveness of a campaign and achievement of civic education goals the more important are indication of agenda setting. Data above shows that despite low recognition of the brand itself, the awareness of CHESNO agenda is high. UCAB that is less known to the public has a strong constituency base in protecting patient rights and – by using media strategically – UCAB is able to push for its goals. And while quarter of respondents knows Femen logo, only few associate it with civic activism.

The lack of connection between campaigns brand and its agenda in citizens' perception however undermines the ability of the campaign to fundraise from citizens. Majority of Ukrainians believe

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that civic initiatives should be funded by government, business or rich people. Half of Ukrainians state they would fund a cause that they believe in, but they would not contribute more than 100 UAH (approx. 12USD). Even more telling that an extremely narrow strata has reported on actually sponsoring civic initiatives in the past. This stands against those the predominant majority who report to have donated to beggars and the church. As stated above, over half of citizens are ready to contribute small amounts to the cause that they believe in, but unless they realize the role of NGOs and civic movements in promoting this cause the contributions are less likely to happen.

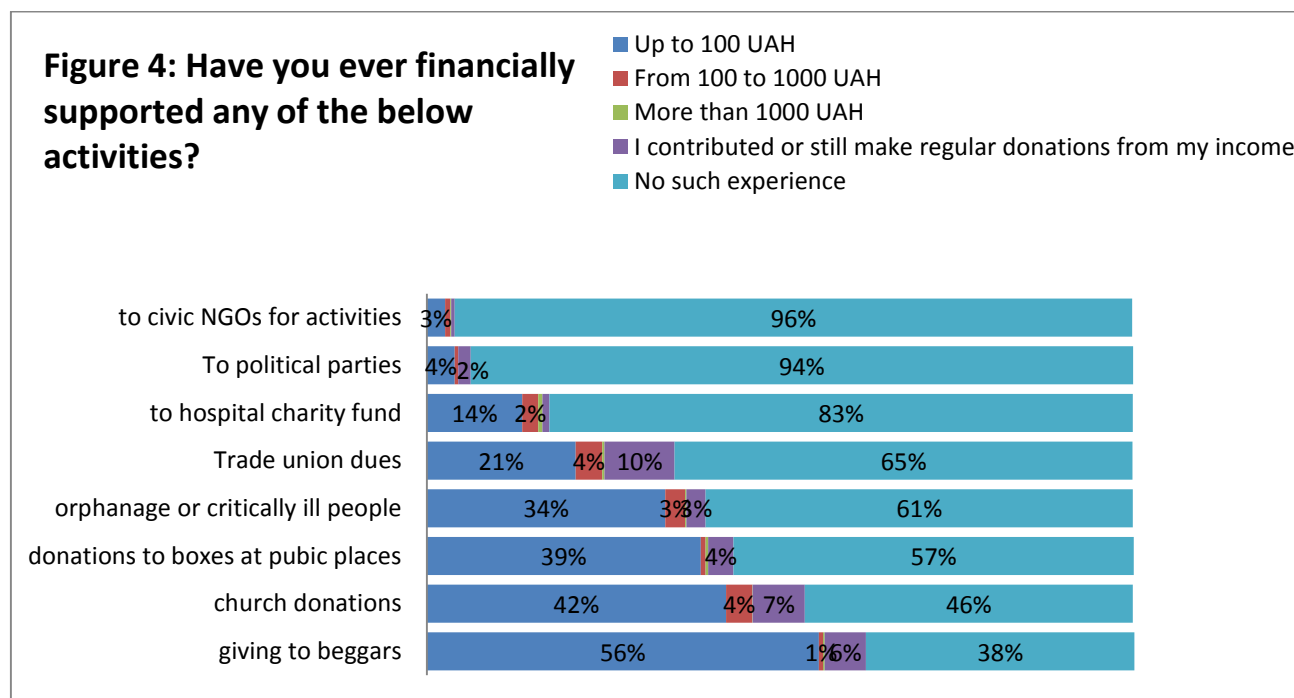


Figure 4: Have you ever supported any of those activities?

More troubling is if civil society initiatives find themselves at odds with political propaganda. By gaining recognition and support initiatives that influence public agenda and criticize government actions present a threat for the government that loses its support. Through enhanced demand for greater accountability and transparency, the current government risks further to decrease its ratings. Thus there are attempts to weaken the influence and legitimacy of any initiative that promotes greater transparency and enjoys wide

If you would decide to fund an initiative, what would be the most critical factor for you to decide on financing?

(aggregate ranking from respondents)

- Transparent Management of funding
- Clear goals and results of the civic campaign
- The cause that civic initiative is advocating for
- Knowing personally people who are implementing the civic initiative
- Knowing personally beneficiaries that experienced positive results from the civic campaign
- Public reporting on spending
- Reference from people I trust
- Open communication about civic initiative
- Active fundraising campaign advertising
- Featuring of activities of campaign in media

support either from citizens or international community. Intervening into personal emails of activists and using some of information for the smear campaign has become a regular practices from the various actors associated with the government. All of these actions are aimed at further diminishing the trust to civil society initiatives and confuse citizens about the role that it plays in policy process. Maximum transparency of its actions, visible success stories and connection to issues that concern average citizen of Ukraine can help civil society to overcome the damage caused by the black PR.

Strengthening Influence

In a shrinking democratic space and obstacles that are presented by environment civil society should concentrate on increasing its support from the public. The following strategies should be emphasized in NGOs approach to increasing its influence:

Increased transparency of NGOs operations – with the increased black PR and conspiracy theories against NGOs and their activists' transparency becomes very important. Moreover citizens rate transparent management of funding as the most critical factor for their decision to finance any initiative. In order to gain more legitimacy in their demands for transparency and accountability from the government, NGOs should follow the same principles in their work.

Networking and stakeholder engagement – the success of any initiative supported by UNITER project relied a lot on the inclusiveness and ability to convene the stakeholder discussions. Civic activists, international community, media, business and various branches of government can become active promoters of civil society agenda if approached correctly. In stakeholder assessments civil society should move away from labeling and positioning themselves in confrontation with others but rather seek a consensus among stakeholders. The networking approach is also preferred in engagement with citizens. While TV remains the main source of information for majority of citizens, the influence of informal networks is high too. Almost half of those who know about civic initiatives found out about it from their friends, colleagues or family members, leaving TV as a second source of information about civic activism. Identifying activists in the regions who can influence these informal networks and conduct civic education through them can be more effective alternative to the top-down agenda setting through TV and mass media.

Endogenous capacity development –While donors including USAID create a demand for organizational capacity development, local NGOs should take strategic approach to the capacity development taking a lead in their development. There is a need to overcome the reluctance to change from the leaders of the well-established organizations and realize the need to adapt and influence the external environment around. Increased collaboration with stakeholders, strategic communication, learning and adaptability should be increasingly emphasized in organizational development.

III UNITER major achievements

CHESNO campaign

CHESNO campaign has become one of the most influential civic initiative in the pre and post-election period. With seven percent recognition of its logo and almost 700 releases in media CHESNO messages got high into public discourse. Most of voters believe that the parliamentarians should meet the assessment criteria that CHESNO advocated for including the personal voting in the parliament, no involvement in corruption, transparent income declaration and correspondence of it to the lifestyle and no human rights violations. As CHESNO

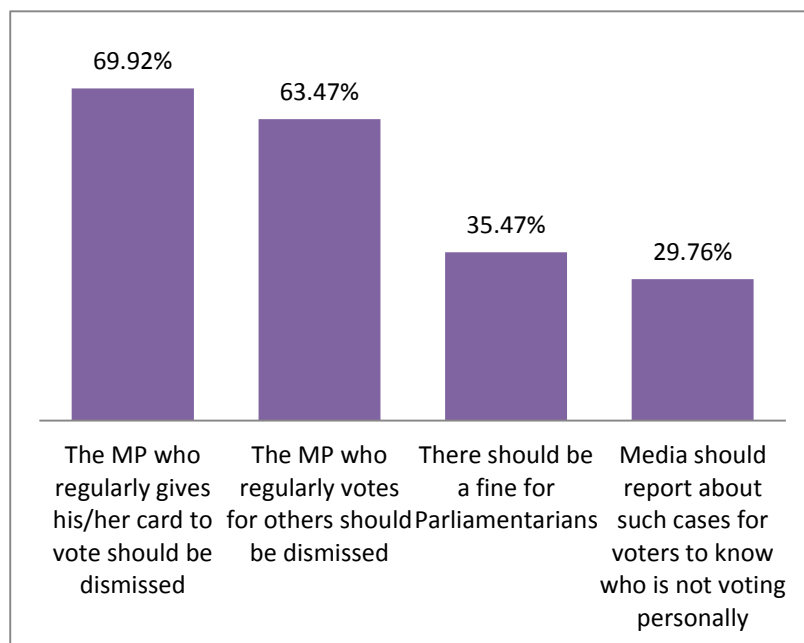


Figure 5: How do you think the practice of non-personal voting should be stopped?

assessment showed that members of all leading parties and many independent candidates violated at

least one criterion and thus voters were limited in their choice. With this, voters could not influence the practice with their electoral choice but majority would support the dismissal of the MPs who are violating the laws. The media campaign and intense public dialogue with parties pressured MPs to adopt the law and introduce amendments to the regulations of the Parliament that prohibits MPs to vote on behalf of their colleagues.

Through constant monitoring of budget spending of the MPs, scrutinizing their activities and minimizing the number of social benefits for them CHESNO campaign plans to enforce integrity in the legislative branch of government. Moreover, CHESNO plans to pilot their methodology on the local level engaging active regional coordination council in monitoring of city councils. They started this from engaging regional coordination council in monitoring of the MPs who represent their electoral districts and adopting the CHESNO methodology on the local level.

Besides setting agenda for government transparency CHESNO has set an example for the transparency of the civic campaign. Being a target for the black PR and accusation of the serving some political party agenda, transparency of campaign finances and application of methodology has become important. Right after election CHESNO has gone through financial audit of the campaign and independent assessment of its activities. Both assessments concluded that campaign was managed in transparent way and significantly contributed to the setting integrity agenda. In particular the European Research Center for Anti-Corruption and State-Building (ERCAS) concluded that CHESNO communication activity pushed the issue of integrity of the candidates high on political agenda where leading parties had to build their PR campaign around this agenda.

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While the news on the audit results did not generate a lot of media coverage it was an important achievement towards greater transparency of the civil society sector and controlled the smear campaign against CHESNO.

Think Tanks in Search of their Voice

Aiming to reinvigorate the policy research capacity in Ukraine, Pact has launched a discussion on the quality of supply and level of demand for the policy advice. Together with Think Tank Fund and International Renaissance foundation, Pact commissioned a research that included polling and in depth interviews with the key stakeholders of the think tanks. The feedback from the key stakeholders of the policy process provided during research and public discussion should inform both policy institutes as well as donors in their future program designs. The assessment report concludes that think tanks' low quality of research and lack of communication are the two main obstacles for influencing the policy process. The rigorous quality standards and peer reviews should be enforced both by think tanks themselves as well as demanded by the donors. Moving away from a personality-based organizations and developing internal governance system will enhance think tanks ability to adapt to the changing environment and innovation. The assessment provided honest feedback to the policy institutions reaffirming original UNITER intention to create a network of policy institutions. Focused too much on securing donor resources for its survival think tanks rarely think beyond the scope of its projects and act beyond their research presentation. Donors at the same time are not fully ready to collaborate and enforce higher standards of work in expert community; often retreating to supporting simply survival strategies. Moving away from blaming the low demand think tanks should enhance its 'tanking' role and influence the policy through high quality research and proactive communication.

Enabling legislative environment for civil society

Together with International Center for Non-profit Law, Pact has conducted an assessment of the state of environment for NGOs aiming to inform the future civil society advocacy strategies. ICNL has concluded that since 2009 the number of laws and decrees that introduce positive changes in the legislation were approved. Namely Laws on Public Associations and Charity and Charitable Organizations created a more enabling legal environment for the establishment and the operation of Ukrainian NGOs, harmonizing regulations framework with the European standards and best practices. The new Tax Code has contributed to some improvements of fiscal environment for NGOs. The Strategy for Development of Civil Society reflects a strategic approach towards civil society development and appears to be a detailed and implementable document which, at the very least makes it easier for NGOs to advocate for specific improvements in legislation benefiting civil society. The Cabinet of Ministers Decrees #1049 and #996 has provided opportunities to access state funding for NGOs and increase citizen participation in decision-making through the public councils. ICNL also admitted that Pact's work contributed significantly to the development of legislative framework through support of the key partners' advocacy efforts, increasing their capacity in networking, communication and advocacy.

Looking into the future ICNL recommended focusing on implementation of the approved legislation. Raising awareness of the newly adopted policies and building capacity of state officials and NGOs should be the key priorities for ensuring smooth implementation. Besides implementation concerns there are further areas for improvement of legislative framework. Besides

above mentioned policies there is a need to improve regulation of social services, state procurement, registry of non-profit organizations under Tax Code, volunteering, and freedom of assembly. Besides that there are few issues that the newly adopted legislation has not resolved including the legal status of NGO branches under the Law on Public Associations, the participation of charities in the state funding contests under the Decree #1049, and review of the Decree regarding the public councils operation to improve its efficiency and deal with shortcomings of implementation.

During the six month period the law “On Charity and Charitable Organizations” was finally signed by the President at the end of January, 2013. The law was adopted by Verkhovna Rada in July 2012 and according to the procedures should be either signed or vetoed by the President within 15 days. Despite civil society reminders to the Presidential administration about expired period for signing the document there were no movement in this regard, until MP Olesya Orobets announced in January that she is preparing a court appeal for President for neglecting his responsibilities. The finally approved legislation provides simplified registration procedures for charity organizations, ensures greater transparency of funds management, and introduces new ways for fundraising by creating endowments or charitable servitudes.

Marketplace further development

Following its gradual indigenization approach, Pact continues transitioning the marketplace to ISAR Ednannia. Pact assisted ISAR in strengthening its capacities in administration and promotion of the marketplace, bringing together stakeholders and ensuring other donors buy-in. The current funding for the marketplace vouchers pool includes contribution from two non-USG donors and 3 USAID implementing partners' shares. Moving away from purely voucher administration ISAR is now responsible for overall implementation of the Marketplace including administration of the web-site and promotion of the capacity building culture.

During the six month ISAR focused on further strengthening governance system of the Marketplace. The current governance structure of the marketplace consists of two boards with different functions. Supervisory Board that is under development will be responsible for the approval and review of implementation of strategy for the Marketplace, ensuring its transparency and overseeing the implementation of the quality standards of the services provided on the market. Supervisory board will be responsible for setting strategic direction for Marketplace further development, review of management performance and review of the financial performance. The Advisory Board will consist of the capacity development practitioners and service providers. Advisory Board will provide input in the development of the new services and directions for further development of the marketplace. The recommendations of the Advisory Board will be presented for final approval to the Supervisory Board. Everyday management of the marketplace is conducted by ISAR who reports to

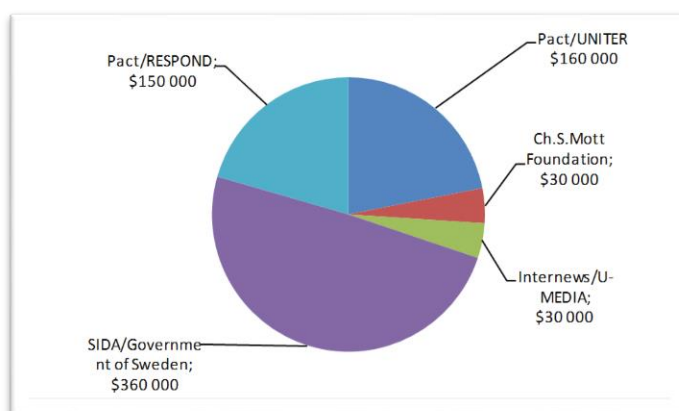


Figure 6: ISAR Ednannia voucher pool budget for FY13-14

Supervisory Board and consults with the Advisory Board on the issues for further development.

The Capacity Development Forum held in November 2012 contributed to further promotion of the demand driven organizational development culture. Over 400 participants, 230 NGOs, 56 volunteers joined the Forum to exchange ideas and best practices in capacity development. The Forum focused on presentation of the new products that are going beyond usual fundraising and strategic management trainings and aim to introduce some specific technical knowledge that are missing from the supply side of the market. Unlike most donors who organize NGOs' events, Pact encouraged participants to invest in their capacity by covering their costs associated with participation in the Forum. This tactic ensured that only those participants who are really committed to capacity building attended the forum and got the most out of their participation.

Strengthening local capacities

Based on its achievements during the audit readiness program conducted by Compass and their leadership position within the key sectors, Pact has selected five key partners for conducting international audits and Non-US Organization Pre-Award Survey (NUPAS). Pact has selected the EBS Group to conduct audits to Center UA, CCC Creative Center, Ukrainian Center for Independent Political Research (UCIPR), and Democratic Initiatives Foundations. Pact expects to receive the final reports for audits at the end of June and share them with USAID mission. Passing international audit and USAID pre-award assessment will be an important milestone for the partners on their way to graduation.

While development of the organizational capacities is vital component for managing donor funding and ensuring transparent operation, Pact believes that there is a need to foster holistic set of capacities to succeed in achieving their goals. During 4.5 years of UNITER, Pact has facilitated the development of various skills based on needs of each individual partner. To get the snapshot picture of where key partners are on the graduation trajectory, Pact has conducted the assessment of the two critical areas that are not covered by international audit practices. Pact has specifically looked on how organizations are adapting to the changing environment and whether they have capacities to influence it to achieve their organizational missions. The assessment conducted by Pact Director of Capacity Development included a 360-degree assessment through surveying partners staff and key stakeholders, and discussion of the results of the survey with the partners.

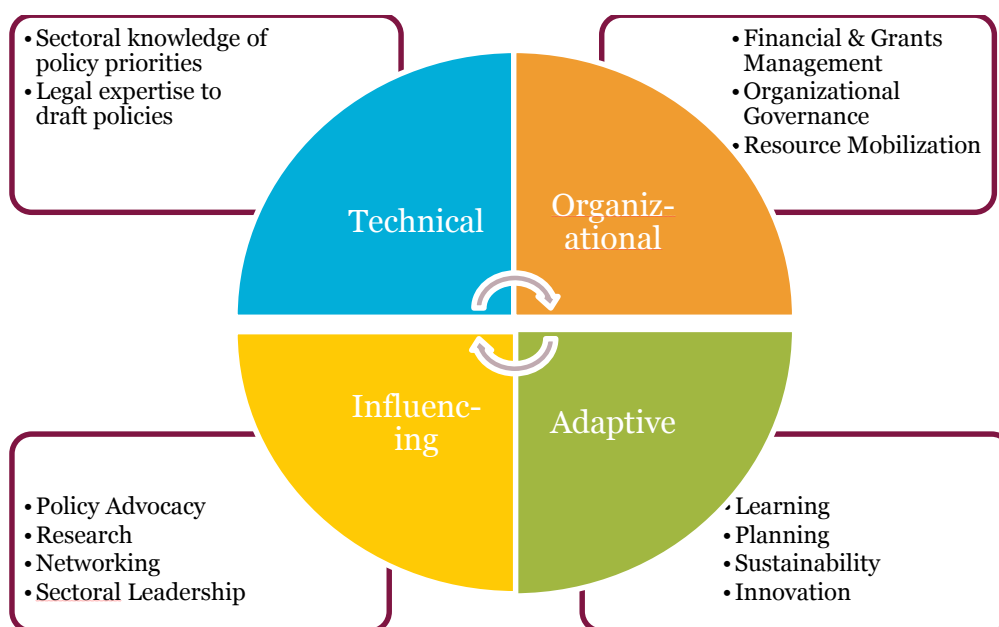


Figure 7: Pact's Holistic Capacity Development

The assessment concludes that even though most partners score rather high in most areas of capacities there is a room for further improvement. Partners have to be more proactive in engaging with stakeholders within Ukraine and beyond. While some of the partners are more successful in this, there is an overall tendency towards competition rather than collaboration between civil society organizations. As some of the more established organizations over the years developed a Pavlovian reluctance to change, the need for endogenous drive for capacity development has to be emphasized. Some of these organizations with their long history can potentially serve a role of consultants in a response to USAID task orders, but will have difficult time in stirring up innovation, advocacy and civic activism. On the contrary, for organizations that are younger and more innovative, direct funding from the donors can present the risk of changing their open and innovative culture. Both USAID and partners will have to learn on how to manage their expectation during the graduation processes. Partners expect high investment from USAID in their capacity development, limited engagement of the agency in their program activities and freedom to negotiate the program design. While the process of the graduation of these partners is not clearly defined the expectations have to be considered by USAID in the design and communication with the future direct recipients.

IV Project Activities

Objective 1: NGOs better represent citizen interests and drive reform through more effective advocacy, monitoring and activism (50%).

Activity 1a: NGOs, individually and collectively, advocate for government accountability at the local level

1. Local Advocacy Grants Program (LAGP) to strengthen national policy advocacy

In FY13, Pact continued to support the advocacy campaigns, selected through the competition organized in FY12 together with International Renaissance Foundation (IRF), East Europe Foundation (EEF) to engage local organizations in national-level advocacy (outcomes of all sub-grants are summarized in annex 1).

Reform of Local Level Referendum: Citizen Participation in Governance

Back in April 2011, Draft Law #7082 on Local Referendum passed the first parliamentary reading. However, despite the resolution of the Parliament to schedule the Bill #7082 for the second reading during the parliamentary session in spring 2012, the draft law was not included to the agenda. Today, the urgency of the Law on Local Referendum is conditioned by the absence of any legislation regulating people's right to local referendum. Since the law on the National referendum came into power, it annulled the previous laws on national and local referendums.

Agency for Legislative Initiatives (ALI), supported by UNITER and East Europe Foundation (EEF), has led the national coalition grant to advocate for the law and the amendments to it developed by the coalition. The amendments are supposed to address the wide criticism of the draft 7082 expressed by Ukrainian and European experts, in particular Venice Commission. In March 2013, ALI presented the results of the coalition's expert work on the local referendum legislation. The discussion was organized in cooperation with Verkhovna Rada Committee on State Building and Local Self-Governance. Next, with the support of the Advisor to the President, Maryna Stavnichuk, ALI is going to cooperate with the Constitutional Assembly, Coordination Council on Civil Society Development and other respective agencies to work on the draft and bring it to the level of the EU standards.

Public Monitoring of the Public Health System Reform in Vinnytsia, Dnipropetrovsk, Donetsk oblasts and in Kyiv

Ukraine is currently undergoing reform of the public health system and the first stage of the reform implementation includes piloting of the proposed changes in Vinnytsia, Dnipropetrovsk, Donetsk oblasts and in Kyiv. Family medicine and introduction of family doctors are some of the key aspects of the reform.

The goal of the coalition project, led by The All-Ukrainian NGO Coalition for People with Intellectual Disabilities, was to monitor how the public health system reform affected people with mental disabilities in the four pilot regions of Ukraine. The results of the monitoring and analysis conducted by the coalition indicate that people with intellectual disabilities and psychosomatic disorders face a number problems and inconveniences when they receive primary or secondary medical care, and that these issues were not taken into account by the government when the reform was launched. The monitoring has demonstrated that family doctors usually do not have enough

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knowledge about ethical aspects of work with people with intellectual disabilities, the latter's needs in social integration and inclusion, and their rights guaranteed by the Convention on the Rights of Persons with Disabilities.

The coalition experts have developed a set a recommendation, in particular: to provide training to family doctors on ethical issues and the rights of the people with disabilities; to add a course on providing medical services for people with special needs to medical school curricula; to ensure regular house-visits to this group of people; to ensure convenient location of medical offices; and to ensure the right for people with mental disorders to receive treatment at public medical resorts. The coalition members presented the monitoring tools to more than 40 regional NGOs. These tools will be used throughout Ukraine as the reform extends to other regions in 2014. The All-Ukrainian NGO Coalition for People with Intellectual Disabilities will continue its cooperation with the Public Council under the Ministry of Healthcare of Ukraine to lobby the adoption of the developed recommendations and to advocate the interests of the people with intellectual disabilities and psychosomatic disorders.

The coalition leader has also developed the brochure "The Results of the Public monitoring of piloting of the law on the reforming the public health system in Vinnytsia, Dnipropetrovsk, Donetsk oblasts and Kyiv" and will disseminate it at public national-level events on health issues and deliver it to the government bodies. Furthermore, the manual for the family doctors "The role of a family doctor in solution of medical and social problems of the patients with intellectual disability", developed in the framework of the project, was approved and recommended by the Central Methodological Department on Medical Education under the Ministry of Healthcare of Ukraine. The manual will be used as a practical guide for family doctors.

2. Local civic initiatives before and after Parliamentary Elections

EEF has been administering seventeen grants awarded under the competition aimed to support local civic initiatives during Parliamentary Elections in Ukraine. The grants were aimed to promote transparent and fair parliamentary elections in 2012 as well as to support CHESNO national campaign. As during the pre-election period, the urgent need was to provide voters with independent quality information about their candidates, eight grantees represented CHESNO regional coordination platform. Their activities promoted CHESNO criteria of integrity and encouraged voters to make conscious, responsible, evidence-based choices. Other projects raised awareness among voters on new legislation regulating parliamentary election process; mobilized youth and first-time voters; and ensured equal rights and opportunities to vote for people with physical disabilities.

Activity 1b: Establish the Ukrainian Reform Forum as an on-going mechanism to support continued reform and civic engagement efforts.

1. 360-degree assessment of demand and supply for policy analysis:

In FY13, UNITER, continuing its efforts in capacity building of Ukrainian think tanks, jointly with the International Renaissance Foundation

2013 World Think-Tank Survey

The survey mentions two foreign policy think-tanks in Ukraine: Razumkov Center (ranked 8th in Eastern Europe) and ICPS (ranked 43th). Both are UNITER partners. Among the think-tanks with best advocacy campaigns, UCIPR is ranked 71st. Ukraine occupies the 25th place globally by the number of think-tanks.

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(IRF) and the Open Society Think Tank Fund (TTF) commissioned an assessment of policy relevant research in Ukraine. The assessment aimed to identify the demand for policy advice among key policy-making actors, examine how a number of existing non-government providers of policy research (such as NGOs, think tanks, consultancies) respond to this demand, and analyze donor activities in the field. The report also aimed to serve as a departure point for donors to reflect upon and improve their support to policy-relevant research in Ukraine.

The [assessment report](#) and [the results of the polling](#) conducted by Kyiv International Institute of Sociology (KIIS), were [presented](#) and discussed during the conference “[Assessment of Policy-Relevant Research in Ukraine](#)”, which took place in Kyiv on March 26-27, 2013. More than 130 participants joined the discussion of the key findings of the research. At the panels during the conference key stakeholders were able to share their vision on the needs of the policy research. In particular the conference speakers list included MPs Yuriy Myroshnichenko, Ksenia Lyapina and Viktor Chumak, representatives of international donors such as USAID, EU Delegations, UNDP, representatives of business and government research institutions.



Figure 8: Trust in materials produced by different stakeholders

The authors of the assessment concluded that Ukrainian policy supply field should develop their professional capabilities more intensively, target multiple actors (not only decision-makers, but also civil society, business, media etc.), and be ready to engage into advocacy. It was recommended that donors should provide capacity building and institutional assistance, rather than programmatic support (see full report in annex 7).

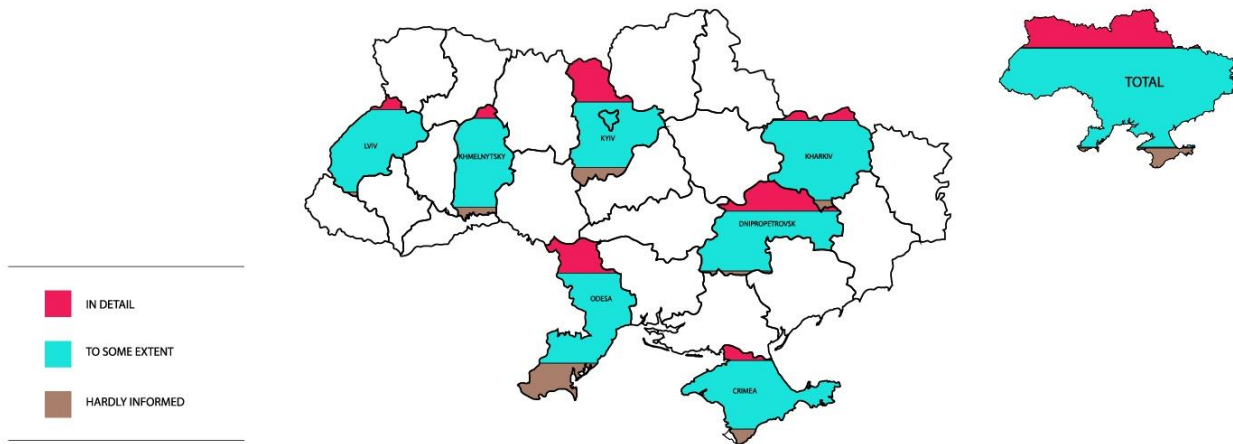


Figure 9: Awareness of the stakeholders about think tanks by different oblast in Ukraine

The conference was followed by a day-long series of workshops, which addressed Ukrainian policy institutions' demand for training on core competencies in policy research and think tank management, such as research quality, financial viability and sustainability, communication strategies, internal governance, management and development. The sessions were conducted by foreign and Ukrainian panelists who engaged in an informal and open discussion about key aspects of policy research and think tank operations.

2. Ensuring leadership of the thought leaders in the reform process

To familiarize Ukrainian think tanks with the best European practices and methodologies in producing reports that impact highest-level policy debates and drive policy agenda, Pact joined its efforts European Stability Initiative (ESI) to convene Capacity Building Initiative to Strengthen Young Analysts' Research Methodologies. The initiative aimed not only to engage participants in a workshop, but also to provide long-term support and involve them in collaborative research and joint development of the research agenda.

In January 2013, Pact and ESI organized a four-day workshop that helped to increase participants' capacity for empirical research, policy analysis and advocacy. The event involved 20 young analysts from Ukraine (Kyiv and other regions) and Belarus representing well-known Ukrainian think-tanks. The participants developed their skills in and knowledge of new research methods, as well as research report and policy paper writing. ESI's facilitators also presented case studies from ESI experience to illustrate the full cycle of think tank work, from research through drafting a policy paper to advocacy of the results of the research. Based on skills received during the workshop participants will focus their research on specific issues that are critical for Ukraine's development.

Activity 1c: Support and enhance national NGO policy reform efforts.

1. Support thematic (sectoral) networks and leading policy change organizations

Fundamental rights and freedoms:

Center UA, coordinator of the New Citizen civic platform, has remained UNITER major partner in the area of advancing fundamental rights and freedoms. New Citizen is a horizontal network of more than 58 leading Ukrainian NGOs. The goal of the platform is to increase civil society's impact on social and political processes in Ukraine, and to search for new mechanisms for public pressure on and control over the government. Adoption of Law on Access to Public Information and initiation of Stop Censorship Movement are among the New Citizen important accomplishments. In the fall of 2011 New Citizen Platform launched CHESNO campaign, which in a few months grew into one of the most recognizable civil society election monitoring and mobilization movement.

"We realize that the Ukrainian Parliament is not performing its functions of the supreme representative body. Issues urgent for the society are not the priority for the Parliament. MPs cannot offer a quality legislative reforms plan. We see our mission in offering the society and the politicians such an agenda"

New Citizen Representative

In FY13, Center UA has worked to fully integrate these two initiatives into a single strategic multi-sectoral advocacy campaign New Citizen: Agenda for the Parliament. While CHESNO post-election activities are focused on strengthening civil society control over integrity of newly-elected MPs, New Citizen activities are aimed at setting a new legislative agenda for the Parliament. As a result of the intensive debate, New Citizen members compiled a list of legislative drafts on the parliaments' agenda, prioritized them, and assign responsibilities. All the drafts split into four themes, namely: human rights and freedoms; anti-corruption;

institutional development; and economic development. The platform is determined to prepare and lobby 10 legislative drafts addressing a number of sectors throughout 2013. Each draft will come along with a 'road map', featuring a timeline, a list of concrete steps, events, and stakeholders, and environment analysis. The platform will also offer a list of concrete short-term activities related to those drafts which they can immediately bring to attention and actions in the Parliament.

Center UA fulfills a vital function for the platform, serving as an umbrella for a large number of NGOs. Natalia Sokolenko, a prominent journalist and active Stop Censorship campaign activist, has joined Center UA to bring her expertise and facilitate the platform. In addition to the coordination functions, Center UA is providing on-going media support and conducting dialogue with political parties and international institutions. Finally, Center UA enables the grassroots campaigners with an opportunity to rapidly react to legislative threats or challenges that arise in front of them. Center UA has transformed their office into a hub for civil society that can function as a press-center, conference room, or working space.

Access to Public Information:

In FY13, UNITER-supported New Citizen platform continued to advocate for implementation of the Law on Access to Public Information. New Citizen coalition prepared a documentary collection

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“Open Access”, which is based on real life stories. The collection consists of 5 short movies showing how regular citizens apply the Law on Access to Public Information to address problems of their communities and how journalists employ the legislation to uncover corruption. The documentaries are aimed to popularize the Law on Access to Public Information as an instrument for control over authorities.



The “Open Access” series debuted at the DocuDays Film Festival in Kyiv. More than 500 people attended the premier in Kyiv, and the event was widely covered by media. New Citizen is now traveling with the movie around Ukraine explaining to citizens how they can use the Law.

Coalition on National Referendum:

5 жахливих наслідків закону про референдум

Диктатура і втрата Незалежності. Референдум дозволяє Президенту переписати Конституцію і ліквідувати парламент

- 1** **ВТРАТА НЕЗАЛЕЖНОСТІ.** Закон не забороняє голосувати, наприклад, за скасування незалежності України чи конфіскацію майна у її громадян.
- 2** **ЗНИЩЕННЯ КОНСТИТУЦІЇ.** На референдумі можна «прийняти» нову і тим самим знищити чинну Конституцію. В нову Конституцію влада внесе все, що заманеться – від скасування всенародних виборів президента до членства України в союзі зі столицею в Москві.
- 3** **ЛІКВІДАЦІЯ ВЕРХОВНОЇ РАДИ.** Всі законодавчі процедури будуть розтоптані – ніяких перших і других читань, поправок і обговорень. Президент зможе штампувати найгірші закони без Верховної Ради – від імені народу.
- 4** **УЗАКОНЕННЯ ЦЕНЗУРИ.** ЗМІ під час процесу референдуму без угод про розміщення матеріалів забороняться агітувати за або проти питання референдуму, поширювати інформацію, спрямовану на спонукування громадян голосувати за або проти.
- 5** **ВСТАНОВЛЕННЯ ДИКТАТУРИ.** Ініціювати, провести референдум і підрахувати голоси може тільки президент. Якщо процедура референдуму почнеться її не можливо зупинити, а результати голосування проконтролювати або оскаржити.

On November 6, 2012, the Verkhovna Rada of Ukraine adopted the Law “On National Referendum”. The idea of the law is based on the Soviet notion of a referendum as the highest form of democracy, which goes in contrast to the approach recommended by the Council of Europe, which envisions the unity of different forms of people’s sovereignty. The law contains internal conceptual flaws, creates legal uncertainty and provides vast room for manipulation at each stage of the referendum. Many provisions of the law contradict the Constitution of Ukraine and do not meet the standards recommended by the Council of Europe. Civic experts argue that implementation of the law will not allow determine the will of people, but on the contrary, can put it under the control of the referendum organizers and lead to social conflicts and political crisis.

Together with leading Ukrainian think tanks and NGOs, such as Centre for Political and Legal Reforms (CPLR), Ukrainian Center for Independent Political Research (UCIPR), Agency of Legislative Initiatives (ALI), and Election Law Institute, Center UA established the coalition “For Fair Referendum” to tackle the problem of this law. The coalition implements a campaign to prevent manipulative referenda, avoid changes to the Constitution made in an unconstitutional manner. It also drafts amendments to the law on referendum. Center UA has also worked to raise awareness of the risks posed by the law. As the Press Lunch, organized by the NGO, revealed that many journalists did not have understanding of the problem, Center UA explained and actualized the risks entailed by the Law on National Referendum. Moreover, the NGO facilitated the creation of a pool of journalists who would be actively engaged into the information campaign and explain the threats posed by the law throughout the operation period of the Coalition for Fair Referendum.

Transparency/accountability:

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UNITER provided support to *Creative Union TORO* to assist it in the transformation into TI-Ukraine, a national chapter of Transparency International. During the reporting period, TORO/TI-Ukraine prepared changes to the statute of the organization, launched a new [web-site](#), made changes to the organization management and hired additional staff. It also launched an anticorruption information campaign aimed to monitor the transparency of governmental websites in the area of tenders. The representatives of TI have also published several articles on [Korrespondent](#), KyivPost (about [public procurement](#) and [asset declarations](#)), [Tyzhden.ua](#), and UkrPravda (about [e-governance](#) and [anticorruption legislation](#)) on the issues related to anti-corruption activities. Furthermore, TI-Ukraine recently has visualized the results of its monitoring of the State's Anticorruption Program in a [video](#), which aims to attract citizens' attention to this issue. UNITER has also continued to develop capacity of TI-Ukraine through the international audit readiness program (for more details, please see the description of the activities under the Objective 3).



Public Procurement:

In the framework of New Citizen platform Pact supported its initiative to overcome the negative consequences of a number of amendments to the Law of Ukraine “On Public Procurement” adopted since the end of 2011. These policy changes restricted citizens’ access to information on public procurement and reduced the requirements for competing in public tenders, thus creating environment for non-transparent use of state funds. The most serious threat in this realm was posed by Law of Ukraine #9634 (adopted on July 4, 2012), which exempted municipal, state enterprises, enterprises with state participation of over 50% from the law “On Public Procurement”. Being exempt from the standard procurement procedures, these agencies and enterprises remain beyond public control over their spending and impair responsible public authorities’ ability to from detect and prevent violations.

In the framework of New Citizen campaign *Center for Political Studies and Analysis* (CPSA) lead the campaign to enhance transparency of public procurement. The campaign aimed included development and advocacy of the Draft Law “On the Publicity of Tax Proceeds Allocation”. The draft law will oblige administrators and recipients of national- and local-level state funds, enterprises, state insurance institutions, and Pension Fund to disclose information about planned and actual public expenditures. Specifically, it will require the disclosure of annual procurement strategy, full information about the recipients of state funds, contracts, and information on performance under contracts updated on a monthly basis. This information will be available on a specially created government web-portal with open access to any Ukrainian citizen. It is anticipated that the website will unveil the entire network structure of public procurement and flows of public taxes.

CPSA has engaged in active work with the government to ensure the support for the bill. In February 2013, New Citizen conducted a roundtable to discuss the draft law, where representatives of the Ministry of Economy informed they would implement some recommendations, disclose procurement plans and publish procurement information on official web-site. It is expected that the

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Ministry of Economy will include the recommendations into its annual report on public procurement situation in Ukraine and would recommend the draft law to be approved by the Cabinet of Ministers. Furthermore, CPSA has negotiated and reached an agreement with the opposition factions, namely Svoboda, Batkivshchyna, and UDAR. Also, the draft law is also supported by Viktor Chumak, Chairman of the Committee on Anti-Corruption. On May 17, the bill was registered in the parliament under the number [2012a](#).

Lack of transparency in allocation and spending of government funding leads to insufficient funding in the health sector. Currently, state funds cover merely 13% of HIV treatment, and only 41% of state funds were allocated by the government for cancer treatment in 2012. To improve this situation, in FY13 Pact issued a grant to **Ukrainian Community Advisory Board (UCAB)**, a young organization representing patients' rights. UCAB serves as an umbrella for 10 member organizations, representing the most active Ukrainian NGOs working in the sphere of TB, hepatitis and HIV/AIDS, such as All-Ukrainian Network of People Living with HIV and Coalition of HIV-service organizations. UCAB is advocating for transparency in government procurement of medicines and ensure the right of patients living with HIV, cancer and hepatitis for effective, high-quality and timely treatment at the expense of the state budget. In order to reach its advocacy goals UCAB is mobilizing patients, activists and media to monitor state funds and influence public policy and its implementation.

Despite being a young NGO, UCAB managed to achieve impressive success in advocating for the patients' rights. For example, an Appeal to the President on the budget allocations initiated by UCAB was signed by 117 national and regional organizations. UCAB also managed to bring out 16 NGOs and over 300 citizens to the street action "Line for Life"⁸, aimed against the law on additional licensing of foreign medicines, which threatened to severely decrease the accessibility of vital medical drugs for treatment of HIV/AIDs and other diseases. UCAB activities generate significant media attention both in Ukraine and abroad including featuring of the photos of "The Condemned" street action in TIME Magazine⁹. The adoption of the State Program for Hepatitis Treatment and allocation of 334 million UAH for treatment of HIV/AIDs, tuberculosis, and hepatitis became the highlights of the reporting period, along with intensification of the dialog with the government



⁸ Photos available at: <http://life.pravda.com.ua/health/2013/02/12/120992/>

⁹ <http://lightbox.time.com/2013/04/19/pictures-of-the-week-april-12-april-19/#53>

UCAB Advocacy success – State Budget Allocation

Despite the fact that shortly after the adoption of state budget for 2013 President of Ukraine Viktor Yanukovich issued the [Order](#) to review the budget and fund full treatment of Ukrainians suffering from terminal diseases, the money was not allocated. Furthermore, the Cabinet of Ministers of Ukraine (CMU) ignored a request from the Ministry of Health for funding the treatment, and upon the recommendation of the Cabinet of Ministers, on March 27, 2013, the Verkhovna Rada Budgeting Committee voted for the amendments to the State Budget, but did not allocate money for treatment of 44,000 Ukrainians. This meant that a lot of those patients would die the same year because of the lack of medicine.



To protect the patients' right, UCAB organized them into a street advocacy event "The Condemned". On April 17, 2013, one hundred people lined up in front of the parliament with sacks on their heads, which symbolized that the MPs had condemned them to death by not allocating funds for their treatment. On the eve of the event, the Cabinet of Ministers, aware of the upcoming action, invited UCAB for an internal meeting, where the parties reached several agreements. Specifically, Prime Minister Azarov pledged to immediately sign the order to amend the state budget, to ensure funds for HIV/AIDS, TB, and hepatitis treatment and [to adopt the National Program on Hepatitis by the end of April](#). Already on the same day, [CMU announced](#) that the government will allocate in the budget additional 250 million UAH (over 30 million USD) for treatment of HIV/AIDS. Thus, the government will further allocate about 180 million for HIV/AIDS treatment, 60 million for laboratory support for patients receiving antiretroviral therapy, and over 15 million for purchase of electronic metering points for substitution therapy. Additionally, 30 million UAH will be channeled to purchase TB equipment, and about 49 million will be used to create departments for treatment of TB patients who are in detention facilities.

As a result a vigorous advocacy campaign, UCAB also managed to include members of patient community into forecast commission under the Ministry of Health (MoH) that develops the list of the medicines to be procured by the state. Membership in this commission gives civic activists an opportunity to monitor the process and advocate for the appropriate medicines to be included to the list. UCAB network organizations also take part in bids opening process, which gives them access to information about participating pharmaceutical and supply companies, as well as enables them to compare price offers.

As the next stage of this advocacy initiative, UCAB is holding negotiations with the MoH to include the patient organizations into the Ministerial working groups which assess applicants' correspondence to tender requirements. The final stage of the monitoring cycle implemented by

UCAB and its partners focuses on the comparison of MoH prices with the international ones and organization of advocacy activities based on the results of such comparison.

UCAB conducted negotiations with people's deputies from different political parties to form All Party Parliamentary Group (APPG) that would represents interest in the Parliament of those living with HIV, TB and Hepatitis C. Thirty six Members of Parliament expressed their interest to collaborate with UCAB, among them are Lesya Orobets (Batkivschyna), Mykola Tomenko (Batkivschyna), Viktor Chumak (UDAR), Yuriy Miroshnychenko (Party of Regions). The first urgent issue raised with the parliamentarians was the Law on licensing imported drugs. UCAB initiated and coordinated advocacy campaign on withdraw this Law that limits access to cheaper imported drugs. The MPs from APPG registered an alternative draft Law in Verkhovna Rada. The draft law is to be discussed in the Verkhovna Rada after the interim approval at the Verkhovna Rada Committee on Entrepreneurship and Regulatory Policy meeting which is scheduled for April 2013.

On April 29, 2013, [The Cabinet of Ministers adopted the first in the history of Ukraine State Program for Hepatitis Treatment and Prevention](#). The document is crucial for fighting Hepatitis B and C, as it establishes the mechanism for funds allocation for treatment of people living with these diseases. The Program is designed for the next 3 years, and envisions not only treatment, but also timely diagnostics of the disease. The adoption of the State Hepatitis Program became possible due to the big public action [“The Condemned”](#) (for more details, please see the section on budget allocation above).

“This is a tremendous achievement for Ukraine”, stated Dmytro Sherembey, the Chair of UNITER-supported Ukrainian Community Advisory Board (UCAB), which has led the advocacy efforts to adopt the Program. “Over 21 years of Ukrainian independence, no cent was allocated by the Government for treatment of people living with hepatitis. Today, for the first time, the Government secures money for people living with these life-threatening viruses”, Mr. Sherembey added.

Land reform:



Association of Farmers and Private Landowners of Ukraine (AFPLU) actively advocated for the prolongation of the moratorium on land sale and NGOs' involvement in decision-making process related to this important issue. AFPLU conducted more than 80 meetings with the heads of farm enterprises of Rivne, Poltava, Lviv, Cherkasy, and Kharkiv regions, where the Association members delivered more than five public speeches addressing state officials and representatives of the Verkhovna Rada of Ukraine and governmental institutions; and also organized discussions about the necessity of moratorium extension. As a result Verkhovna Rada of Ukraine has [extended the moratorium](#) on sale of agricultural land until January 1, 2016. A total of 269 MPs have voted in favor of the bill on amendments to the Land Code of Ukraine concerning the turnover of agricultural land.

AFPLU has also sent several [appeals](#) to the government and the Verkhovna Rada of Ukraine, requesting to amend the state budget for 2013 to allocate financial support for development of small

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and medium agricultural producers and infrastructure; to change the concept of the agrarian reform; to amend the article of the Land Code regulating free transfer of land plots, etc. In addition, AFPLU has participated in several exhibitions “AGRO – 2012”, “Farmer of Ukraine – 2012”, where it conducted roundtables explaining the perspectives and consequences of the land reform in Ukraine. Along with the extensive informational and advocacy campaign, the Association has provided information support to its members. AFPLU has maintained a “hotline” to provide phone consultations to farmers and if necessary, appoint individual consultations with the project lawyer to provide secondary legal services. Also, the Association has published advice on the most urgent issues raised through the “hotline” in the thematic supplement “Jurist” to the newspaper “[Farmer of Ukraine](#)” (9 publications), as well as [online](#). In addition, AFPLU publishes the e-newsletter “[Digest of Agrarian News](#)”, which covers the latest news and spreads the messages of the Association among regional branches of AFPLU (8 issues).

Institute for Economic Research and Policy Consulting (IER) conducted public debates of the land reform process and findings of the [Land Reform Barometer](#) in [Khmelnysky](#) and [Dnipropetrovsk](#). At the events, presented the results of the survey of landowners and land users conducted in the framework of its UNITER-supported project. The participants also discussed their expectations regarding the changes in Ukrainian land legislation and their implementation, as well as a number of ad-hoc issues that resulted from public discussion. Though the events primarily aimed information dissemination, increasing public awareness and information transparency, they also yielded a valuable by-product, namely continuous and well-established cooperation between the UNITER-supported Land Reform Barometer project and the USAID-funded AgroInvest projects. To reach wider audience, IER has published [Land Reform Barometer Newsletter](#) (11 issues) and spread the analytical briefings through 42 articles at local media. The findings were also presented to USAID mission experts, diplomats, and representatives of foreign institutions at an expert round table meeting at Pact office. Currently, the data from the second wave of the polling is processed and one more polling wave is expected to be conducted in the late May 2013.

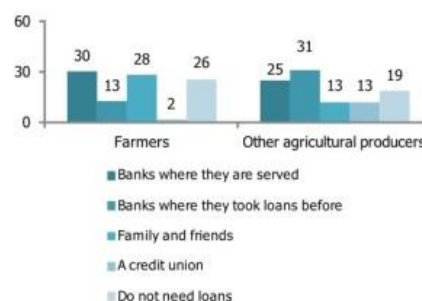


Figure 10: Sources of credit for agricultural producers

Foreign policy:

Along with the general assessment of the think tanks, Pact commissioned an ***assessment of foreign policy NGOs in Ukraine***, aimed to:

- assess the foreign policy sectoral capacity of Ukrainian NGOs;
- assess UNITER contribution to the capacity development of Ukrainian NGOs;
- identify areas for further improvement and possible future roles for PACT support and capacity development intervention in this area.

The researchers concluded that taking into account the nature of policymaking and system of governance in Ukraine, policy influence could be best achieved by shaping public opinion vs. consulting and providing expert assistance to government officials and foreign embassies. Educating citizens to be capable of formulating their opinions and judging the government course of action is just as important function of independent analytical centers as research and policy influence.

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The assessment has also shown that real influence of Ukrainian civil society on policy-making is limited. Externally, the influence is complicated due to general anti-Western sentiment of top Ukrainian leadership. NGO impact is also weak due to a narrow circle of decision-making in Ukraine and faking public consultations by the state agencies. A few groups (e.g. Razumkov Center and Democratic Initiatives Foundation) and their research are on the “radar screen” of Ukrainian decision-makers, but they are perceived as “oppositional”. As the result of certain internal isolation, Ukrainian pro-Western think-tanks turn into a resource of reconnaissance for foreign Embassies to interpret Ukrainian political establishment. Internal factors limiting influence are related to NGOs’ capacity and lack of a collaborative mindset. Major limitations relevant to most groups include transparency, weak buy-in from stakeholders, lack of political relevance of the intellectual products generated by analytical centers, and poor citizen mobilization skills.

Finally, according to the researcher, Pact’s key role in the foreign policy sector is institution and capacity building assistance, start-up support to new players (such as Institute of World Policy (IWP) and Civic Expert Council (GER)), and consolidation of various experts working on foreign policy in various joint-task forces. The assessors acknowledged that Pact work contributed to pioneering new analytical concepts (i.e. “soft power”) and conducting sectoral analysis of EU policies, as well as promoted new forms of research products, such as policy briefs, and improved data visualization (see full report in annex 6).

Institute of World Policy (IWP) developed several advocacy products which aimed to promote EU-Ukraine relations and signing the EU-Ukraine Association Agreement (AA). IWP published an [appeal](#) to the EU leaders, which has been signed by 50 NGOs and supported by several members of European Parliament (MEP Boguslaw Sonik, MEP Pawel Kowal).



Also, IWP organized an [exhibition in the European Parliament](#), where it presented its advocacy products developed under its current and



previous UNITER-supported projects. The exhibition, was widely attended by Members of European Parliament (e.g. Charles Tannock, Indrek Tarand, Kristiina Ojuland, Vilja Savisaar-Toomast, Tunne Kelam, Pawel Robert Kowal, and Jan Kozlowski). Moreover, MEP Mrs Siiri Oviir, who has co-organized the event, expressed her willingness to support the efforts of Ukrainian civil society in the terrain of the European integration of Ukraine. Ukrainian Ministry of Foreign Affairs (MFA) and Kostiantin Yelisieiev, the Head of Ukrainian Mission

to the European Union, also attended the event, which was later highlighted on [MFA web-site](#). The Euronews reporter Natalia Richardson informed IWP that the [news](#) about the event was the most visited during the week.

Moreover, the IWP received a [letter of support from Martin Schulz](#), the President of the European Parliament. In the letter, Mr. Schulz welcomed the efforts of the Institute and the Ukrainian civil society in promoting Ukraine's European choice and their eagerness to play an active role in implementing the Association Agreement. Furthermore IWP launched the advocacy and [visualization campaign](#) "There is a better side of Europe", under which it placed city lights on the central streets of Kyiv. [Four layouts](#) were designed to demonstrate the advantages of integration of Ukraine into the EU. The city lights serve as a reminder for Ukrainian politicians of the kind of a state they need to build. It is also supposed to remind Ukrainian citizens of what kind of country they should demand from their government.



Transparency of parliamentary election 2012:

Democratic Initiatives Foundation (DIF) during election period has focused on polling citizens on the critical issues of Ukraine's development and conducted exit poll on the Election Day. While researching election preferences of Ukrainian voters during elections campaign, DIF, together with partners (Razumkov Centre and Kyiv International Institute of Sociology (KIIS)), conducted two public opinion polls on election issues and disseminated their results at six press conferences. Furthermore, DIF conducted eight pre- and post-election expert polls, covering the issues of the quality of party lists, strategies of the main electoral rivals, features of different parties' election campaigns, the role of sociology and mass media during the election, election violations and distortion of equal participation of all candidates etc. The NGO conducted seven press conferences to present the results of these opinion polls. DIF polling results provided mass media independent analysis on the electoral issues on a regular basis. The polling results also helped citizens to make more informed choice during election.

The national exit poll, conducted by DIF and partners on October 28, showed that discrepancy between the official results and the exit poll fell within the margin of statistical error, which demonstrated the absence of significant electoral fraud on the party list component of the election. The table below summarizes the official results of election and compares it with the exit poll results.

Party name	Official results	Exit poll results	Discrepancy
Party of Regions	30	28.4	1.6
"Batkivshchyna"	25.53	24.7	0.8
"UDAR"	13.96	15.5	-1.5
Communist Party of Ukraine	13.18	11.6	1.6
"Svoboda"	10.44	12.3	-1.9
"Ukrayina – Vpered!"	1.58	1.6	-0.1
"Nasha Ukraina"	1.11	1.2	-0.1
Radical Party	1.08	0.9	0.2

To raise voters' awareness prior to the election, DIF also kept Ukrainian citizens regularly informed of the important election-related issues, the such as the latest party ratings, voters' motivation and public attitude towards different aspects of the election campaign, through its weekly bulletin "Focus on Ukraine". In addition, numerous publications (809 in total) appeared in mass media based on the results of DIF's activities, especially its opinion polls and public events, which also signified high level of interest of wider public in the project activities. Furthermore, being a member of several all-Ukrainian civic networks, such as "New Citizen" and "CHESNO", DIF played a unique role in validating CHESNO's integrity criteria, testing public awareness of the Movement's activities, and its influence on future electoral choices. The results of DIF's nation-wide opinion polls, which included questions on public attitude towards CHESNO, helped demonstrate the relevance and validity of "CHESNO" activities. Finally, working to make the government and the parliament more transparent, DIF has demonstrated its own commitment to the principles of transparency, having published its [annual programmatic and budget report 2012](#).

Activity 1d: Provide Technical Assistance to Enhance the Skills of Grantees.

Through UNITER project, Pact has strengthened civil society in Ukraine within a variety of sectors, while assisting key sectoral leaders with a tailored capacity building package (see more under Objective 3). Pact capacity building included:

- Assessment of the sectoral leadership potential of the 10 key partners
- Facilitation of stakeholders' engagement in partners programs
- Coaching and mentoring on strategic development of advocacy campaigns
- Data management and data quality that organizations collect
- Enhancing transparency in organizations activities by providing independent audit
- Strengthening networks of national partners with the regional civil society

Activity 1e: Additional Activities of UNITER Civil Society Strengthening Program in Crimea

1. Civic Innovation Fellowship

One of the objectives of the final round of the Civic Innovation Fellowship was to build and strengthen a grassroots civil society network consisting of Pact's partners, namely Fellows and Community Enhancement Centers. These efforts resulted in four joint community projects and five joint crowd-sourcing events called "Sunday Borshch". The projects that the Fellows designed together with the Community Centers aim at long-term collaboration and meet the needs of the communities where the Fellows and the Centers operate.

Pact supported eight projects initiated by Fellows, out of which three projects attracted co-funding from multiple donors from all over Ukraine utilizing the groundbreaking [Spilnocosht online crowdfunding platform](#).

Niyas Izmailov and Dzhankey Community Enhancement Center

Out of 2,336 people with disabilities living in Dzhankey, nearly 1,800 are unemployed and remain distant from the society¹⁰. To help rehabilitate and integrate such people into the community, Niyas Izmaylov, graduate Fellow and current world bodybuilding champion, decided to use sports, the method which back in times helped him overcome the consequences of his inborn cerebral spastic infantile paralysis and succeed. With this goal in mind, Niyas decided to equip a special gym in his home town, where people with special needs and those without health restrictions could work out together and thus socialize and learn more about each other.



Through the crowdfunding mechanism “[Spilnokosht](#)”, hosted by the UNITER-supported Big Idea platform, Niyas’s project “[Everyone Needs Hope!](#)” raised 16,500 UAH (over 2,000 USD) from 107 donors, largely individuals. The sum was used as cost share for the purchase of the required equipment. In March 2013, the training center opened its doors to the first members. Niyas will serve as participants’ mentor and facilitate the groups of trust. Combined physical activities and mental mentorship will help the young people with disabilities to faster adapt to and integrate into community.

Sabina Suleymanova and Sovetskiy Community Enhancement Center

Sovetskiy District Hospital is under a big risk to be closed. With the nearest hospital being 30-40 km away, the shutdown will seriously decrease the accessibility of medical services to the rural population in the district. To solve the problem, the Fellow Sabina Suleymanova initiated the provision of alternative on-line medical consultations.

The [project](#) is based on partnership and crowd-investments: the district hospital has provided special software called “Family Medicine” and assigned staff member to be enrolled in the program. The Fellow, together with the CEC, has trained the assigned family doctors to use the software and the internet, and helped them introduce the technologies in their daily work. Moreover, the Fellows and the CEC have secured financial support from 38 contributors from all over Ukraine, who have invested 14,131 UAH (almost 1,800 USD) into the project through the [Spilnokosht crowdfunding mechanism](#). Moreover, the project was also able to attract funding from the government and establish partnership with the telecommunication company MTS.

¹⁰ Only 325 people with special needs are employed in Dzhankey

Anatoliy Romaniuk



The Fellow works to encourage individual philanthropy through establishment of a new instrument for individual donations. Using modern technologies, the Fellow virtually gave fundraising a human face. Anatoliy Romaniuk arranges open-air video conferences on the central square of Simferopol to connect passers-by with the young patients of the oncology and hematology department of the republican child hospital. The people can donate to the hospital and also show their support for the children by singing a song, reading a poem, or simply wishing them to get well soon. This kind of a connection helps create a maximum trust among people donating and demonstrate transparency of the process. So far, three such events were held. In the nearest future, the Fellow expects to conduct this activity on a weekly basis. As a result of the first one-hour action held on November 24, 2012, the organizers raised 500 UAH (around \$60), which were donated to the hospital through the Fellow's charitable foundation.

Mavile Mamutova

The Fellow has launched a leadership program for 17 middle- and high-school female students from the special boarding school #1 for orphans in Simferopol. The "Think. Act. Create" project aimed to help the girls address the psychological problems they face, as well as provide them with self-development opportunities which they lack. The program included five trainings on art therapy, psychology, leadership, and personal effectiveness. As a result of the program, the graduates designed personal development plans. The project was supported by the Ministry of Education of Crimea.



2. Crimean Community Enhancement Centers¹¹

Pact has continued working with the five Community Enhancement Centers that support local civic activism in five regions of Crimea (Bakhchysaray, Dzhankoy, Saky, Sevastopol, and Sovetsky). Centers have established long-lasting cooperation between the communities and local authorities and concluded cooperation agreements. Local authorities have actively participated in events

¹¹ The aim of the Community Enhancement Centers is to search, support and development organizations and initiative groups aimed to improvement of living standards in communities. It is a mobile, flexible body that studies community needs and issues, promotes community leadership and activism, supports local initiatives aimed at community participation in decision making process and addressing community needs by using resources available.

organized by CECs, such as trainings for local communities on social mobilization, project designing, and project management. The government has also provided assistance and resources to the Centers, e.g. Dzhankoy CEC has own room for consultations and trainings at Dzhankoy State Administration building, and local officials also receive consultations and trainings from the CEC. Also, renovation of Dzhankoy CEC office was covered by rayon budget; and Saki CEC office was provided by rayon state administration.

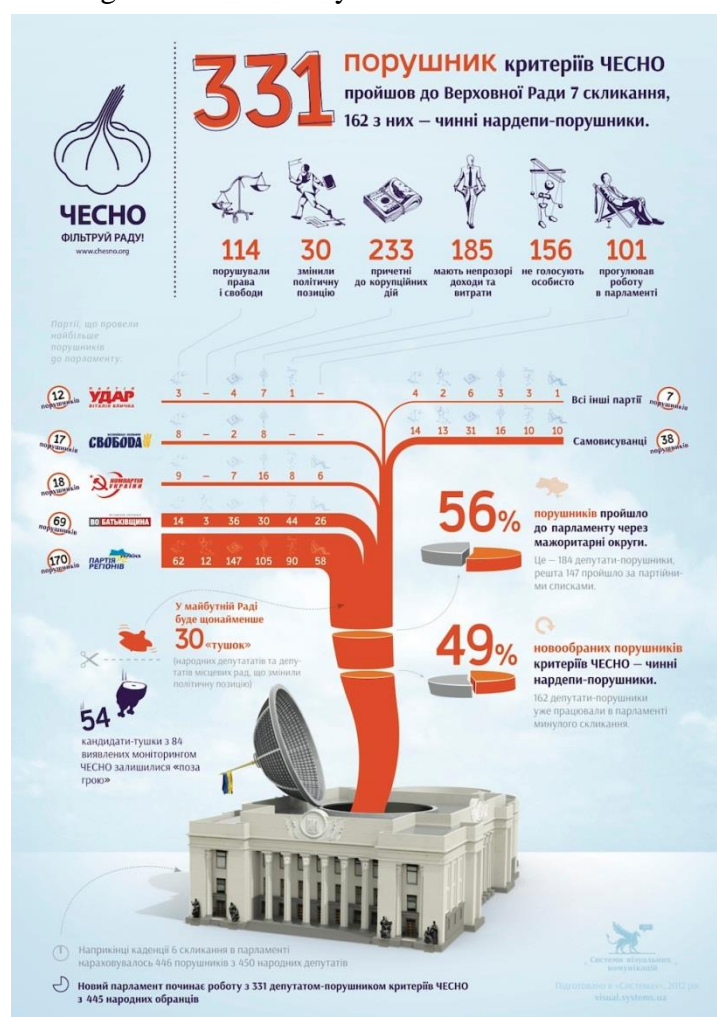
Crimean CECs have continuously supported small community initiatives. CECs have supported 78 projects that tackled various issues including support to community centers and libraries in small villages, development of organic agriculture, natural resources management, support to socially disadvantaged groups, access to drinking water in villages, improving public and administrative services, anti-corruption projects, sports projects and support of creative groups. The average amount of support received by each initiative is UAH 2,200 (USD 275). In a number of communities (e.g. Tsilyne, Zavet-Leninske and Prisyvashne villages, Sevastopol), CECs introduced an innovative crowdfunding fundraising format – Sunday Borsch. These food-cooking community fundraising events allow local activists to present their ideas and raise support from their communities. The close cooperation of CECs with local authorities and business helped additionally to attract over UAH 770,000 (USD 95,000) for supporting local communities.

Activity 1g: Additional Activities of Civil Society Organization in the critical period of before and after 2012 Parliamentary election in Ukraine

Sub-Activity 1: Vetting candidates

Before elections that were held in October 2012, CHESNO campaign has assessed the 448 MPs of the Verkhovna Rada of the previous convocation as well as 2660 candidates from the party lists and single-mandate districts. The assessment of the MPs of the previous convocation was held by Committee of Voters of Ukraine and included 6 criteria: a clean record of human rights/freedoms, non-involvement in corruption, consistency between income/assets declarations and lifestyle, and loyalty to the mandate upon which the candidate was elected to the

parliament, attendance of the sessions and committee hearings in the parliament and personal voting. Center of Political Studies and Analysis (CPSA) has implemented the second phase of the vetting



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where they assessed over two thousand candidates on the four criteria, omitting two latter that were not relevant for those candidates that were not serving as MPs before. CHESNO analysis shows that despite the political statements and PR on issues of transparency and fairness, all parties included candidates that did not meet the criteria. While the number of those candidates varied from party to party, none of the parties can benefit directly from CHESNO findings. This left voters with informed but difficult choice and as a result the new Verkhovna Rada still contained a lot of candidates that did not meet the criteria of transparency.

Sub-Activity 2: Regional Platform Building

2a. Identifying CHESNO Regional Partners and Creating Coalitions

Since the start of the campaign CHESNO has undertaken significant effort in identification of the regional partners and developing coalitions on the regional level. Through other components of the program CHESNO has supported the development of the regional networks by providing legal consultations, conducting trainings for local activists, gathering them in Kyiv for greater coordination and engagement in the political dialogue on the national level.

2b. Strengthening CHESNO Regional Coalitions

CHESNO regional network played a critical role during the election, serving as messengers and promoters of accountable and transparent parliament. On the last stage of the “Filter the Rada!” campaign, interaction with voters on the local level became one of the most important components of CHESNO’s reach out to the ultimate target audience. Due to the efforts of regional CHESNO representatives, the Movement distributed over 240,000 leaflets with the results of the assessment of the candidates in all 25 regions of Ukraine, including remote rural areas. Regional CHESNO platforms also initiated transparent and fair public debates among candidates in Lugansk, Ternopil and Lviv regions. Thus, a widespread regional network enabled CHESNO to educate and inform even those voters who do not have access to Internet or other independent media. In the post-election period, CHESNO re-launched its regional component in order to establish a network of more empowered and motivated leaders who will promote the campaign and its philosophy through their local civic and media channels, thus creating a new driving force in Ukrainian regions. Centre UA has just started to work with the active regional group that will work on further regional expansion.

Sub-Activity 3: Public Outreach and Communication

During campaign implementation CHESNO reached over 10 mln (see annex 3) citizens through various media sources. This led to the increase of recognition of CHESNO brand among citizens, but even more importantly promoted CHESNO agenda. Many citizens, who did not recognize CHESNO brand, however remembered the civic initiative that talked about personal voting of the MPs or remember reading about this in press and hearing about this on TV. This shows that despite lower awareness on the CHESNO itself, the campaign managed to set agenda for the public discourse with the help of the opinion makers and civic activists.

3a. CHESNO Outreach Activities

Throughout the pre-election period, the goal of CHESNO outreach activities was to educate voters to make informed choices based on simple, comprehensive information. With this goal in mind, CHESNO printed and distributed over 240,000 of information leaflets with the results of the assessment of candidates' integrity. Moreover, CHESNO regional activists established a special CHESNO TV-program (jointly with ZiK Channel) and conducted public debates among the candidates. In addition to numerous regional- and national-level public and media events, CHESNO conducted media-clubs and published interviews with Ukrainian opinion leaders (such as Bogdan Gavrylyshyn, Oksana Zabuzhko and Semen Gluzman) to stimulate public discussion on the upcoming election.

Finally, one week prior to the election day, CHESNO convened a large-scale discussion with politicians and journalists in Kyiv, where the activists presented the final results of the assessment of the integrity of the candidates for the parliament. These results were published on the CHESNO website and presented at press conferences in 10 regions. In the post-election period, as part of their responsibility to inform of citizens, CHESNO reports on what happens behind the doors of Verkhovna Rada. CHESNO involved the well-known TV reporter Sergiy Andrushko, who, jointly with CHESNO photographer, visits all parliamentary sessions and produces blog posts, video comments and photo shoots on MPs' work, voting process, etc. Sergiy's video story about MPs' benefits and privileges has been seen by at least 18,000 YouTube viewers and was also shown on ZiK TV-Channel and a local TV-channel in Dnepropetrovsk.

Also CHESNO communication team post regular commentaries, news and stories about deputy's work at the parliament at their blog at Korrespondent.net. In addition, CHESNO has published a number of expert articles on *Ukrainska Pravda*, specifically about conflict of interests in parliamentary committees¹², women in parliament¹³ and "Filter the Power!" campaign framework¹⁴. In FY13, the Movement became [the runner-up in the Best Online Activism nomination](#) in the prestigious international contest The Bobs, organized by Deutsche Welle¹⁵. CHESNO became the first Ukrainian civic initiative to become the finalist of this award.

3b. Media communication strategy consulting

At the campaign launch, CHESNO has worked with the communication strategy consultants who helped developing their campaign. The Kyiv CHESNO coordination council also consulted the regional network representatives on development of their campaigns.

Sub-Activity 4: CHESNO Campaign Integrity

To be able to win and preserve citizens' trust and provide a strong response to the accusations of political bias and vague origins of campaign funding, CHESNO developed and successfully implemented two standards for the integrity of civic campaigning. Firstly, CHESNO disclosed the origins and size of campaign financing, making these data publicly accessible at <http://www.chesno.org/finance/>. Secondly, CHESNO campaign underwent an independent international evaluation of its activities, which covered both the programmatic and financial aspects

¹² <http://www.pravda.com.ua/articles/2013/03/8/6985136/>

¹³ <http://www.pravda.com.ua/articles/2013/03/15/6985627/>

¹⁴ <http://thebobs.com/ukrainian/category/2013/best-social-activism-2013/>

of the campaign. Finally, CHESNO established a powerful legal mechanism to mitigate the risk of legal prosecution.

4a. Integrity and transparent financing of the Campaign

Through an open contest, Pact identified and contracted an international group of independent experts from European Research Centre on Anti-Corruption and State Building (ERCAS), who conducted analytical assessment of CHESNO campaign. ERCAS assessed the CHESNO methodology for candidates' integrity assessment by examining its design, implementation, data collection, data management, data verification, data analysis, communication of results, etc. The assessment team was performed by Professor Dr. Alina Mungiu-Pippidi, director of ERCAS, Aram Khaghaghordyan, Principal Researcher at ERCAS, and Professor Dr. Andrew Wilson (University College London). ERCAS assessed CHESNO campaign on the basis of the following criteria:

- the representation of interests of the civil society by campaign initiators;
- the independence of movement participants from any party control (independence from political interest);
- the accessibility and sufficiency of the information underlying the audit of parliamentary candidates (information accessibility);
- the objective handling of the information to rule out the discrimination of candidates and the trust of the society to CHESNO results (due process).

The experts arrived to the conclusion that “CHESNO process and impact were equally successful” and “the success on placing integrity high on the political agenda seems beyond doubt”. Analysts also mentioned that “information campaigns of this type stimulate civic activism, citizen participation and finally enlightened voting” and emphasized that “[t]he CHESNO campaign had the right objectives and employed in good faith a sound methodology: inherent errors were corrected during the process.” Moreover, according to ERCAS, “[t]he campaign was also successful in involving more people than ever before, particularly in the deep country, in the effort to assess candidates and inform voters”.

In their final report, the experts stressed the fact that “CHESNO initiators will need more time and research effort to assess the campaigns impact on the voters... The main problem is that a poor electoral offer (candidates with integrity problems from all main parties) limits severely the choice of voters and the potential direct electoral impact of such a campaign. This suggests that while monitoring of integrity during elections is highly visible and quite impactful for the agenda, permanent civil society work is needed between elections to encourage parties, for electoral advantage if not deep belief, to set up permanent internal monitoring of integrity and ethical committees to screen their own representatives.”

In addition to the assessment of the Campaign's integrity, seven founding member organizations of CHESNO that received donor funding for the campaign successfully underwent a financial audit. Media Law Institute, Centre for Political Studies and Analytics, Committee of Voter of Ukraine, Internews Ukraine, Centre UA and East Europe Foundation jointly received more than USD 800,000 of grant assistance for the CHESNO campaign from 6 various donors. In addition, about USD 14,000 was received from individuals on the campaign's charitable contributions account, administered by Democratic Initiatives Foundation.

Independent auditors from Compass Auditing and Consultancy Group confirmed that the funds received by each of the seven CHESNO campaign participants from donors under grant agreements were used for designated purposes. The report also concluded that the “financial information about the received income and incurred expenses has been accurately stated in financial statements in line with accounting principles described in the National Accounting Standards as required by terms and conditions of agreements with donor organisations”.

At the same time, the auditors pointed out some weaknesses in tender-based procurement procedures and the overall coordination of financial revenues within the scope of the CHESNO campaign. For instance, this applies to estimation of the cost of the non-financial in-kind contributions made citizens, which was, nevertheless, regularly reported on the campaign site.

4b. Legal support

Media Law Institute (MLI) established and developed a system of legal tools to protect CHESNO, which included the following:

- legal consultations to CHESNO members and activists;
- legal support to protect interests of CHESNO Movement in courts;
- verification of all information messages published and distributed by CHESNO regional and central representatives;
- building a regional network of lawyers.

One of the legal team’s tasks was to revise all information materials prepared by the analytical team of CHESNO Movement for [CHESNOmeter](#). Legal experts ensured that CHESNOmeter did not contain statements which could be regarded as defamation, or information which violates the right to privacy or other human rights.

The legal team also ensured that every factual statement was based on a reliable source and that the information was presented in a neutral manner. In total, legal analytical teams verified 2,309 profiles of candidates for parliament. This verification process protected the Movement from lawsuits by the candidates, whose activities were reported in CHESNOmeter as the violating integrity criteria. In fact, only one of 935 candidates who did not meet CHESNO criteria challenged the Movement’s statements in court¹⁶.

Two lawsuits concerning CHESNO activities in regions were sparked by “Filter the Rada!” campaign. The first one was related to the alleged defamation action against Oleg Lukashuk, member of the Parliament, who claimed that he had been libeled by a CHESNO activist in Kmelnytsky, as well as a local newspaper which published a commentary of CHESNO coordinator. The second case occurred in Donetsk with one of former CHESNO coordinators, who was excluded from the Movement prior to the election because of a bribe. Igor Shkiryia, current MP from Donetsk, also claimed that he had been libeled by CHESNO and a local newspaper. CHESNO team decided to provide ex-coordinator only with legal support. Both cases were covered by the Institute of Media Law.

Sub-activity 5: Post-Election activities

¹⁶ Please see Subsection 5 of Section 1 (“Establishment of Litigation Fund...”) for details on this case.

CHESNO has started the post-election period with developing a new methodology for the new campaign titled “Filter the Power”. The campaign has been designed for two years and envisions systematic civil society’s control over different branches of government in Ukraine. The objective of this campaign is to examine the parliamentarians’ compliance with the six already existing CHESNO criteria, along with the newly introduced one – transparency and accountability. Already in December 2012, Center UA and Center for Political Studies and Analysis (CPSA), members of CHESNO network and UNITER partners, started monitoring the first steps of the newly elected Parliament and the MPs’ correspondence to CHESNO criteria. The interim results of this ongoing monitoring have been continuously published on CHESNO website and presented at a [large-scale Forum](#) in Kyiv in March. Currently, the Movement is focusing on monitoring [MPs’ reporting on income and assets declarations](#),

Through a range of tools and established political dialogue CHESNO brought the personal voting on public agenda. On the first working day of the newly elected parliament, CHESNO addressed every MP with a request to ensure personal voting. The opposition parties, that have been a part of the dialogue with the Movement, pledged to implement this CHESNO criterion. Over three month of public pressure exerted by the opposition parties, CHESNO, and journalists, the President signed an amendment to the Law on Regulations of the work of Verkhovna Rada, obliging MPs to vote personally.

CHESNO presented its “Filter the Power” campaign at the social and political Forum “CHESNO about MPs’ Privileges and Accountability”, dedicated to the first 100 days of newly elected Parliament. At the event, CHESNO presented the first results of the assessment of the MPs against three criteria – transparency, accountability and accessibility for voters. Prior to the Forum analytics sent to 450 parliamentarians personal appeals to disclose information on their assistants, public offices, working contacts, bios, and a detailed report of how they spent budget sums exceeding UAH 17,000, envisaged by the Law. The assessment showed that the MPs abuse the privileges which they have to perform their official duties; hence CHESNO recommended to reduce this number of privileges. Several MPs (from the Opposition) agreed to take into consideration civil society’s recommendations to reduce 18 of 40 MPs privileges and disclose requested information. Moreover, UDAR registered [a bill to amend the Law on MPs’ status](#) demanding cancellation of several privileges.

The number of people who participated in the Forum (150 politicians, civic activists and journalists) or watched it online (over 15,000) clearly shows the level of excitement with which Ukrainians anticipated to hear about the post-election activities of CHESNO. About 20 MPs from different parties participated in the Forum panel discussions. The Forum was a debut for Communist Party of Ukraine to attend CHESNO event. As of now, Svoboda party remains the only political force whose parliamentarians stay outside of CHESNO Forums. CHESNO coalition members continue dialogue and face-to-face meetings with former and incumbent deputies. Thus, in January-March 2013, CHESNO team negotiated with more than 45 MPs of all parties represented in the Parliament. As a result of this dialogue, CHESNO agreed with MPs on the following:

- To conduct a number of joint public events in the single-member districts (SMD’s) where MPs were elected (Donetsk, Sumy, Lviv, Ivano-Frankivsk);

- Batkivshchyna party pledge to disclose declarations of all its members and information about its MPs' assistants;
- To ensure presence of journalists at all parliamentary committees' meetings;
- To form a joint working group consisting of MPs and civil society representatives that will work to promote the bills included in the alternative agenda for the Parliament, developed by New Citizen.

CHESNO plans to continue meeting with policy makers and strive to build mutually beneficial relationships with MPs.

Objective 2: The relevant legislative framework for civil society approaches European standards. (5%)

Activity 2a: Support NGO efforts to propose legislative initiatives and build consensus for changes.

1. Cooperation with key partner for legislative reform related to NGOs

Ukrainian Center for Independent Political Research (UCIPR) remains the main Pact/UNITER partner working toward improving legislative environment for civil society in Ukraine. Within the reporting period, due to UCIPR's continuous advocacy campaigns, two significant policy changes were achieved:

- Changes to the Budget Code of Ukraine (articles 87 and 91) were adopted October 16, 2012.
- Law "On Charity and Charitable Organizations" was signed by President on January 29, 2013.
- Ensuring proper implementation of Cabinet's Decree "On the Approval of the Procedure for Contests of NGOs Projects offered for government financial support" #1049

On October 16, 2012, the Parliament adopted the amendments to the Budget Code of Ukraine with regards to contest-based financial support for NGOs. These amendments were developed and advocated by UCIPR. As a result of this policy change, starting from 2014, additional budget expenses will be introduced for contest-based financial support to NGOs for implementation of priority policy tasks on national and regional levels.

UCIPR also continued to advocate the amendments to Cabinet of Ministers Decree #1049 "On the Approval of the Procedure for Contests of NGOs Projects offered for government financial support". The most important amendments include contest-based financial support for organizations of people with special needs; and a shorter list of criteria for evaluation of project proposals.

Law "On Charity and Charitable Organizations"

The draft law #6343 "On Charity and Charitable Organizations" was submitted to Verkhovna Rada Committee on Industrial and Regulatory Policy and Entrepreneurship on April 26, 2010. It was supported by four MPs, namely Olesya Orobets ("Our Ukraine" block), Yulia Novikova (Party of Regions); Oleksandr Fieldman (Block of Yulia Tymoshenko), and Oleksandr Zarybinsky (Lytvyn's block). The old Law "On Charity and Charitable Organizations" (of September 16, 1997 № 531/97) became outdated and did not meet the requirements of charitable sector activities in Ukraine. The

regulation under old legislation provided difficulties in registration of charity organizations, lack of control over charitable costs, and limited the use of the modern financial tools for charity.

While drafting the new bill UCIPR has consulted with various stakeholders and held public discussions. Together with International Renaissance Foundation and East Europe Foundation, Pact has supported UCIPR efforts in drafting and advocating for legislation change. After over two years of advocacy, the draft law “On Charity and Charitable Organizations” was adopted by Verkhovna Rada in the first reading on July 5, 2012. The situation with the President’s signature, required for the law to become effective, remained unclear. According to the Constitution of Ukraine, the newly adopted law had to be signed or vetoed by the President within 15 days. But unfortunately the Law on Charity and Charitable Organizations did not followed the prescribed route.

In January 2013, one of the authors of the law MP Olesya Orobets publicly announced in her personal blog the decision to sue the President for neglecting his responsibilities. Soon after her public statement and attempt to collect documents for opening court case the law was officially signed and stepped into force as of January 29, 2013. The Law “On Charity and Charitable Organizations” will bring following positive changes:



- Simplification of registration and management procedures for charitable organizations:
 - State registration of charitable organizations will be done by the state registrar within 3 days. Before, registration was conducted by local executive bodies under the Ministry of Justice and required from 3 to 6 months.
 - Individuals and legal entities obtained the right to establish charitable organizations not only in the form of associations, but also in the form of institutions (without membership) and foundations (eligible to manage charitable capitals). Therefore, now it is possible to establish charitable organizations based on a last will, such as Nobel Foundation.
 - Territorial statuses for charitable organizations are cancelled, which will enable foundations to provide assistance without restrictions all over Ukraine.
 - Management system of charitable organizations is simplified. Instead of previously required four administrative bodies (supervisory board, general assembly, direction, board of directors), new law requires only two bodies (supervisory board and executive body).
- Benefactors’ control over funds and assets transferred for charity has been increased.
 - Benefactors can now control effective and targeted use of donations, since returned financial donation has been established. Benefactors receive a right to demand to return a charitable donation, if it was used inappropriately.
 - There is a newly established opportunity to collect charitable donations (addressed to charitable organization or individuals) based on special power of attorney of the director of such charitable organization or an individual.
 - Requirements concerning charitable organizations’ accountability and transparency became clearer.
 - The notion of a conflict of interest is now defined within the new law, and new limiting procedures are established.
 - Joint responsibility for causing harm to charitable organization has been established for charitable organizations’ staff.

- New instruments to conduct charitable activities for both individuals and legal entities were introduced:
 - Charitable servitudes have been established, which will enable private owners of buildings, manors, and architectural monuments to set up free public access to these objects.
 - Charitable organizations received right to accept charitable heritage and become benefactors of testaments (in terms of managing charitable property and implementation of charity programs).
 - Legal entities received a right to create endowments (foundations with target capital) and thus create funds and use the interest received from these funds for charitable activities.
 - The goals of patronage have been determined, including the terms of public access to the results of such activity.

Implementing and promoting the new law "On Public Associations"

UCIPR continued advocacy efforts to harmonize other laws with the Law “On Public Associations”. The team held numerous consultations with representatives of the Ministry of Justice to develop draft application forms for registration of public associations, draft amendments to the governmental Decree on registration of symbols of legal entities, and draft amendments to the governmental Decree on accreditation of foreign non-government non-profit organizations. As a result of these efforts, all necessary acts were adopted by the end of December 2012. UCIPR worked closely with Presidents Adviser Maryna Stavnichuk on implementation of the legislation, who helped to provide consultations to the representatives of the Cabinet of Ministers.

Activity 2b: Support to key organizations that help NGOs overcome regulatory hurdles and/or provide legal advice on civil society legislation



Within the reporting period, UCIPR also worked to educate the NGO community on the newly adopted law. UCIPR collected frequently asked questions via e-mail and through personal communication with representatives of different NGOs, and then published the answers in [a special newly introduced section](http://www.gromzakon.org.ua) on the web-site www.gromzakon.org.ua¹⁷. In addition, UCIPR experts joined their efforts with the Marketplace team to conduct the webinar on innovations of the law “On Public Associations”. In the course of the activity, over 70 participants from all over Ukraine received an answer to their questions regarding the new law and the preparations necessary for its implementation. In addition, UCIPR team focused on promoting positive innovations of the new law and on combating attempts to discredit it. For example, in December 2012, the Forum of Public Council and NGOs took place, dedicated to the possible threats of the NGO Law for civil society. The Forum was organized by four public councils and several organizations-opponents of the law, mostly representatives of professional associations. UCIPR analyzed the misconceptions of the new law dominating the civic sector in Ukraine, and prepared a comparative table of correct and incorrect statements related to the legislation. The document was disseminated via UCIPR mailing

¹⁷ http://gromzakon.org.ua/?page_id=2292

lists and via journalists. In addition, an article on the innovations of the law and the attempts to discredit it was published on “Ukrayinska Pravda”, one of the major online news source in Ukraine.

Objective 3: NGOs are transparently governed and capably managed. (20%)

Activity 3a: Support organizations receiving grants for local advocacy to meet their basic organizational capacity strengthening needs.

Through Capacity Development Marketplace Pact supports strengthening capacities of local advocacy organizations. ISAR Ednannia assists local organizations in designing their organization development plan and ensures that they will receive financial support for its implementation. The Marketplace is serving as a capacity building tool for the sector at large and ensures the demand-driven servicing of local NGOs. In addition to assist local grantees in defining their capacity needs, Pact works closely with CCC who is conducting organizational assessments of grantees of all cohorts. Pact uses reports on organizational capacities to track the organizational changes in the grantees that it worked with before and shares them with organizations to ensure their learning too.

Activity 3b: Provide advanced capacity development program to key NGO partners/facilitate creating of national leaders.

1. Audit-readiness program:

Starting 2011, Pact implements international audit readiness program that is focused on introducing international standards of financial reporting and accounting systems in advanced organizations, so that they will be able to receive direct funding from international donors. During the two rounds of the program, ten partners participated in it including CCC Creative Center, Ukrainian Center for Independent Political Research (UCIPR), Center UA, Democratic Initiatives Foundation (DIF), Razumkov Center, Institute of World policy (IWP), Institute for economic research and policy consulting (IER), ISAR Ednannia, Center for Political and Legal Reform (CPLR), and TORO Creative Union (TI Ukraine).

Pact’s capacity development for audit-readiness is primarily focused on USAID-specific requirements of A-133 (audit of foreign USAID funds recipients) and consists of three stages:

- ***Pre-assessment stage*** that includes individual meetings with NGOs, training on international audit standards, test audit for each partner-organization. During this stage NGOs become acquainted with financial management, policies and procedures required by international standards and complex international standards of financial reporting. Auditors assess NGOs readiness and provides reports with recommendations for improvements.
- ***Implementation of the test audit recommendations:*** Each partner focuses on improvements of organizational structure and financial management based on recommendations provided.
- ***Control audit*** on international standards that results in audit report with recommendations for further improvement. Together with audit report organization receives an Organizational Capacity Assessment report where organizational capacities are assessed. Based on this NGO develops Capacity Development Plan. The implementation of this plan is further supported by UNITER through advanced capacity building vouchers and grants support.

Below is the summary of the achievements of each partner during their participation in the audit readiness program.

Partner	Achievements upon the program implementation
Center UA	<ul style="list-style-type: none"> • Despite some clarification of organizational structure, there is a need for further refinement of governance structure; • Internal documents flow is systematized; • Payroll system developed; • Tender procedures and instruction on payment order were developed; • Assets accounting procedures were developed and established; • Electronic register of property introduced, property inventory was conducted; • Planning procedures of organizational activities were developed; • Data base of organizational members was developed; • The set of documents on personal data protection was developed; • Most of organizational capacities are at moderate and strong level.
UCIPR	<ul style="list-style-type: none"> • The strategic plan including mission, values, organizational structure was developed; • Technical assignments for consultant on HR and financial management were developed to assist organization with finalizing its structure; • Financial management policies developed; • Organizational structure and communication flows developed; • Procedures of assets control, financial manual, general budget planning and control system developed; • HR and personnel manual developed.
CCC	<ul style="list-style-type: none"> • Organizational manual on policies and procedures developed; • Staff trained to use Quicken and 1C-Accounting; • Financial information consolidated and computerized; • General procedures for projects management developed.
ISAR Ednannia	<ul style="list-style-type: none"> • Accounting system automatized; • Measures taken to avoid conflict of interest during financial documentation approval; • Strategic plan developed; • Internal procedures updated.
Institute for economic research and policy consulting	<ul style="list-style-type: none"> • Organizational structure including role of board, director, executive body, and supervisory board clarified; • Document management is organized; • Straightened internal financial control; • Financial management and budgeting system improved.
Institute of World Policy	<ul style="list-style-type: none"> • Organization structure amended; • Strategic planning developed and constantly refined; • Financial management issues resolved; • Organizational procedures developed and implemented;
Center for	<ul style="list-style-type: none"> • The capacity development plan developed;

Political and Legal Reform	<ul style="list-style-type: none"> • Internal financial control and financial reporting streamlined; • Organizational Statute amended; • IC program improved.
TORO Creative Union	<ul style="list-style-type: none"> • Internal instructions translated from English and adopted to Ukrainian legislation; • Internal financial control and financial reporting streamlined.
Democratic Initiatives Foundation	<ul style="list-style-type: none"> • Internal financial control and financial reporting streamlined; • HR policy updated according to the needs of the organization; • Taxation records improved; • Automatic control of accounting is being implemented.
Razumkov Center	<ul style="list-style-type: none"> • The internal procedures documented and adopted; • Strategic plan further developed; • Internal financial control and financial reporting streamlined; • Control system of primary documentation developed.

2. Advanced Institutional Strengthening through vouchers

Pact has supported the implementation of the Capacity Development Plan by either adding additional amounts to the current grants of the partners or providing vouchers through capacity building marketplace. Partners had used these additional amounts to get assistance from financial management consultant, to organize a strategic planning session for the office or procure electronic systems of accounting. While most donors support the project activities very little is done on organizational level. The audit readiness program and supporting funding helped organizations to understand their needs, to build strategies for further sustainability and address critical issues in their structures development. These aspects will be important for further scaling-up of the activities and work with the direct foreign donors.

3. Recipient-Contracted Audit and USAID pre-award assessment

Five Pact key partners that participated in audit readiness were selected for the real international audit. This includes Center UA, CCC Creative Center, UCIPR, ISAR Ednannia, and Democratic Initiatives Foundation (DIF). In consultation with USAID, Pact has developed the TOR for the audit company and announced Request for Quotations to purchase services of an Independent Auditor to conduct simultaneously the Non-US Organization Pre-Award Survey (NUPAS) and the recipient contracted audits. Pact/UNITER announced on February 12, 2013 and sent it out directly to six audit firms, which are certified by USAID. After the analysis of the proposals, conducted by Pact/UNITER senior staff the decision was made in favor of EBS Group. The final NUPAS and audit reports are expected in the summer of 2013.

4. External organizational capacity assessment

Besides strengthening organizational capacities of its grantees Pact also works on development their sectoral leadership. The Pact team (UNITER project and Global Capacity Development Team) worked together to develop two surveys, one that would be used as a self-assessment by UNITER partners, and a second that would be used by stakeholders of partners to complete a 360 degree assessment of the partner. The two surveys included a mix of quantitative and qualitative questions.

Adaptive Capacities were defined as the following:

- Preparedness: The ability to plan ahead and engage key stakeholders in planning for anticipated future changes within the national and international operating environment.
- Agility: The ability to react quickly and engage key stakeholders in response to unexpected changes or shocks within the national and international operating environment.
- Evidence Based Decision-Making: The capacity to identify relevant state-of-the-art practices and research from external sources, and to apply these within the work of the organization.
- Endogenous Capacity Development: The ability to initiate, implement and manage and internal process of capacity development that is not dependent upon external resources or support
- Self-Awareness: The ability to analyze the organization critically, honestly and accurately, and to understand how external stakeholders view the organization.

Influencing Capacities are:

- Engagement with Systemic Challenges: The ability to engage proactively, effectively and in a coordinated manner in response to endemic challenges within Ukrainian society.
- Stakeholder Relationships: The capacity to interact confidently and productively with other stakeholders, and to overcome differences respectfully and collaboratively.
- Sharing Lessons Learned: The ability to identify, document and share lessons generated through the activities of the organization, and to use lessons learned to influence the activities of others.
- Leadership: The capability to influence priorities, drive discourse and communicate effectively with a range of stakeholders around key issues within the organizations sector of operation.
- USAID Readiness: An understanding of the practicalities of becoming a direct partner of USAID.

After two weeks of data gathering, Pact met with partner representatives to review the preliminary survey data and discuss implications for adaptive and influencing capacity.

The figure below summarizes average scores of Pact's partners on these categories and compares self-assessment score with the stakeholder assessment. It is clear from this graph that, for the most part, the adaptive and influencing capacities of UNITER partners are strong. A score of 75% maps to an average score of 3 out of 4 for survey questions, which implies that partners usually engage in types of practices that we have defined as adaptive and influencing. It is only in the areas of preparedness for international events and endogenous capacity development that scores drop below the 75% threshold. In general, partners have assessed themselves more favorably than their stakeholders.

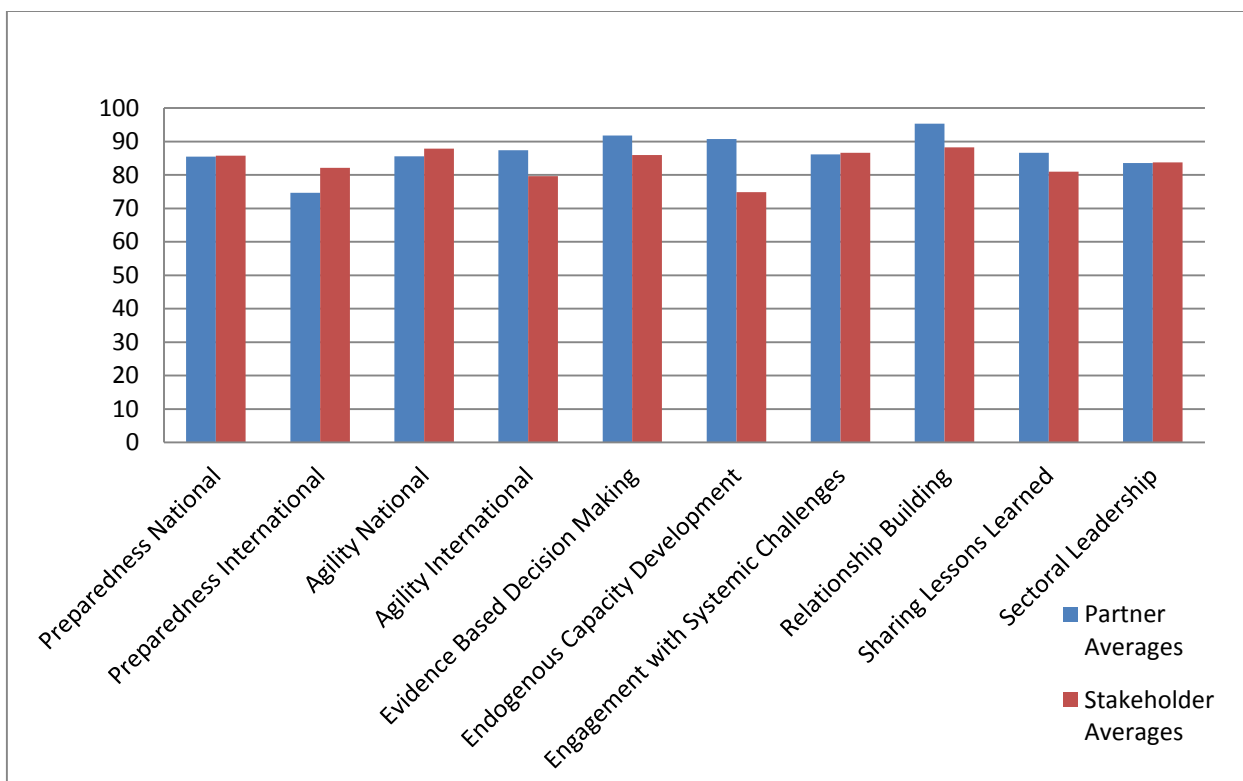


Figure 11: Average scores by capacity area, comparing partners and stakeholder assessment

Seven of the 10 partners assessed themselves more positively than their stakeholders did, with IER, IWP, TORO and DIF scoring having the most positive self-assessments. In many cases, these differences were discussed with partners. Partners reported that stakeholders are not aware about their work in detail, or did not fully appreciate their efforts. While this is understood, the external image of an organization can greatly impact upon its influence, and areas of significant difference may represent communication gaps that require further exploration and effort to bridge. Each partner will receive the individual report on the analysis of influencing and adaptive capacities with recommendations on further improvement.

Activity 3c: Activating the local Marketplace through LINC

Following its gradual indigenization approach PACT/UNITER has been cooperating during 2012 with ISAR to insure their readiness to take administration of the Marketplace and leadership in developing its future strategies and long term vision. Through its capacity development interventions, number of meetings with interested stakeholders, presentations and discussion PACT also assisted ISAR in strengthening their internal capacities essential local Marketplace administrator. As the result during the reported period Pact/UNITER transferred all 3 components of the Marketplace for ISAR's administration starting from February 2013.

1. Voucher system:

With Pact assistance ISAR continued the promotion of the vouchers and improvement of the system. Starting from March 2012 ISAR Ednannia conducted 21 Voucher Selection Committee meetings during which 326 voucher applications with the overall monetary equivalent of \$ US 515,539.00

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were reviewed. As the result 241 vouchers were approved for financing (91 – UNITER; 92 – Mott Foundation; 58 – SIDA funding) with the overall monetary equivalent of about \$ US 301,400.00

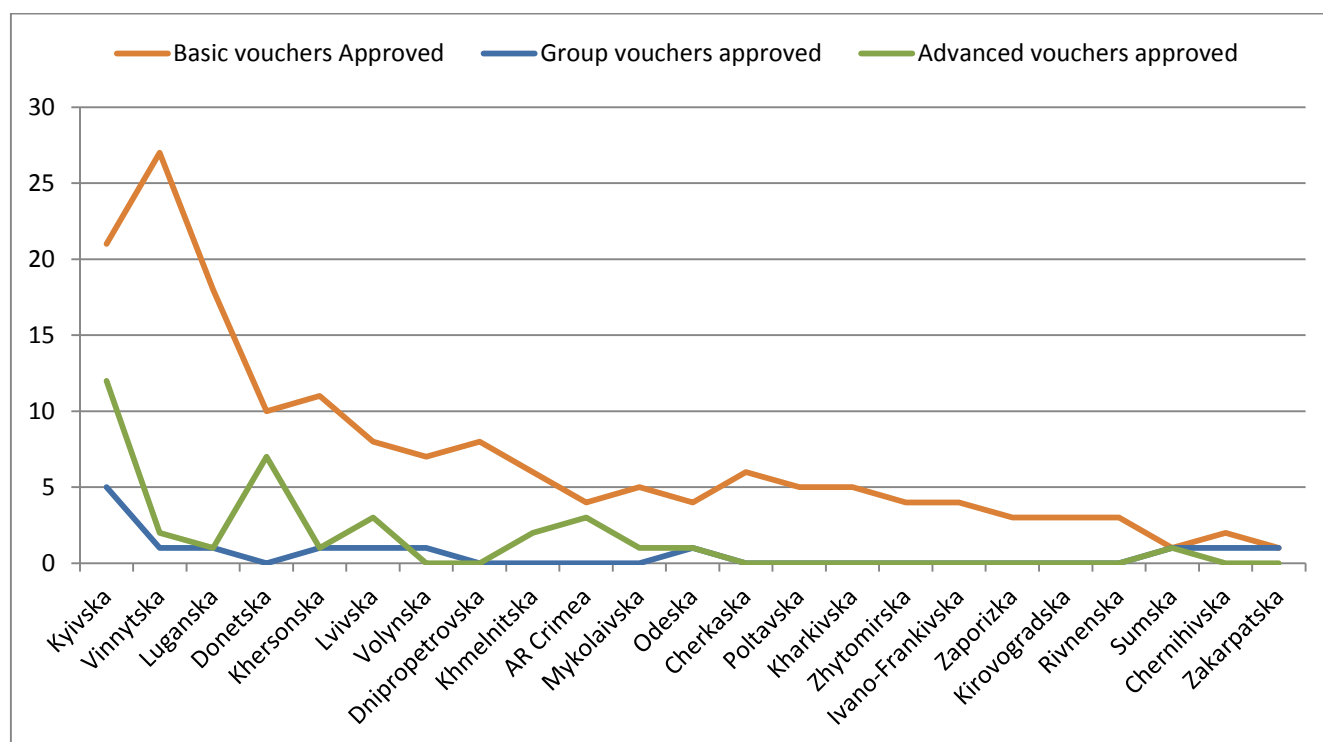


Figure 12: Number of vouchers issued by oblast, arranged from the most vouchers issued to the least

Additionally ISAR provided on-going consultations and support to applicant and voucher holders. Numbers of requests of consultations on the vouchers and in the sphere of organizational development is significantly increased since ISAR started administration of the voucher system and its regular promotion in regions through informational sessions, presentations consultations, participation in various events of other donors, NGOs. ISAR provides approximately 10 - 30 consultations daily to applicants and grantees. As the result the number of applications has significantly increased. During October 2012 - March 2013 130 voucher applications were submitted to ISAR. Starting from March 2013 ISAR launched new vouchers on technical capacities for HIV/AIDS NGOs and governance institutions in the framework of the new Pact/RESPOND project and opened new voucher pool for media NGOs from Internews.

During March 2013 ISAR in close cooperation with UNITER has developed evaluation of voucher's impact on organizational development. ISAR will do on-line survey and individual interview in April with those NGOs which received their vouchers at least 6 months ago in order to analyze what changes and on what levels OD services brought through the Marketplace system. ISAR is going to put such voucher's impact evaluation on ongoing basis in the future. ISAR will provider UNITER with assessment report until the end of April 2013.

Quality of services provided:

ISAR started development of the quality assurance tool for the Marketplace services which will be based on Endorsement of Service Providers by Marketplace. The endorsement will happen in the following steps:

- Development of the endorsement package (aim, introductory letter for service providers, on-line survey for service providers);
- Testing of on-line survey for providers and improving it in necessary;
- To select pilot providers and endorse them;
- Improving the Service Providers Endorsement and open it for all interested service providers registered at the Marketplace.

ISAR is planning to endorse at least 5 service providers to test the on-line tool until the end of April 2013.

2. Marketplace Portal:

In the heart of the Marketplace is the online platform, which in the long-run should allow financial transactions or at least lay the ground for actual financial transaction involving the vouchers. During 2012, Pact improved the portal which now has over 1000 active registered users and over 100 daily unique visits. The number of new visitors has doubled during last year. Starting from January 2013, ISAR is fully responsible for portal as well. ISAR plans further to develop marketplace portal:

- Developing and launching new services such as on-line needs assessment; on-line learning; on-line voucher's impact assessment form;
- Upgrades of portal based on needs of interested sectors and donors. For example, RESOND project launched vouchers on technical capacities for HIV NGOs and governance institutions;
- Improvement of the feedback and rating system including development of endorsement tool for service providers;
- Improvement of search and internal communication of the portal.

Some Voucher successes:

A small NGO "Kalynovy ray" (Vovkiv village, Laviv oblast) received basic level voucher in the amount of \$1000 for number of trainings and consultations (strategic planning, fundraising, work with volunteers, internal policies) identified by which NGO during capacity development self-assessment. Later NGO used knowledge on practice and apply to the Embassy of Check Republic in Ukraine and as the result received grant UAH 180,000.00.

- *International NGO "Regional center of cross-border cooperation "Euroregion "Dnister" (Vinnytsya oblast) received basic level voucher in the amount of \$400 for strategic planning. Except strategic plan for their organization "Euroregion "Dnister" they managed to write 4 projects of Vinnytsya region development which were highly acknowledged by EU Directorates-General during the East Partnership conference in Brussels on October 2012. Moreover developed strategic plan helped "Euroregion "Dnister" to receive EUR 80,000.00 institutional strengthening grant from International Visegrad Fund.*
- *UNITER/PACT key partner UCIPR received basic level voucher (\$500) in 2010 and used it for one year certified course Management for NGOs (Ukrainian Catholic University). As the result UCIPR received number of benefits and credits. First of all, they have now a person responsible for capacity development of organization who among other is responsible for monitoring and implementation of the UCIPR's individual strengthening plan. Actually this person become a real motivator of new capacity development initiative in the organization, he developed and introduced internal on-line system (like Pact Intranet) which helps all employees quickly*

3. Marketplace off-line events:

Last years' national and regional capacity building fairs successfully promoted the needs-based approach, open and healthy competition among capacity building service providers. It involved large numbers of new regional NGO users to the ever-growing cadre of customers. Pact's partner in this endeavor, Resource Center Gurt promoted the Marketplace through on-line discussions and blogs, on Gurt's popular NGO resource portal.

During 2013 together with ISAR, Pact decided to upgrade the Fairs in to new format of Capacity development Forum. The new off-line event is designed as a unique platform for discussion of significant standards and practices in the organizational development of NGOs and decision-making on policies in the field of Capacity Development. The main Goal of

the Forum 2012 was to provide place for implementers and practitioners from a variety of development organizations to discuss significant issues for organizational development of CSOs; exchange information, ideas and best practices, modern tools, techniques and approaches in capacity development. Ultimately the Forum would like to build consensus around the future direction of NGOs capacity development through establishing the Capacity Development Community of Practice (CD COP).

"Usually we NGOs conduct such events just for one civil society sector, and this is just great that you bring so many creative NGOs from completely different 'worlds'"



The First Capacity Development Forum conducted in November 2012 hosted over 400 participants, 230 NGOs, 56 volunteers and entertainers, 49 parallel workshops, presentations, and discussions. The Forum focused on presentation of the new products that are going beyond usual fundraising and strategic management trainings and aim to introduce some specific technical knowledge that are missing from the supply side of the market. The [Forum website](#) is aimed to continue numerous of discussions around organizational development until the next off-line Forum in 2013.

It should be noticed that interactive and innovative format of the Forum for the first time in Ukraine managed to attract such number of participants and NGOs interested in development and strengthening of their organizations. Most of the participants came from regional NGOs and invested their own money for travel and lodging expenses which actually did not happen before.

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Moreover Forum attracted most of international donors and it was a great example when several main donors (USAID, SIDA, UNDP, Mott Foundation) co-financed the event and provided their support.

4. Ensuring sustainability of the Marketplaces:

During the reported period ISAR with support and assistance of UNITER has developed and discussed overall Marketplace LogFrame, Governance system and NGO Marketplace Organizational Chart. Marketplace governance system will consist of the Supervisory and Advisory Boards. Comprising of representatives of national and international donors, businesses, and authorities the Supervisory Board will support comprehensive overall development of the Capacity Development Marketplace. Advisory/Expert Boards will include service providers, media, marketing professionals and other stakeholders. Day-to-day operation will be provided by Marketplace Management Body comprising of ISAR Ednannia staff.

Supervisory Board

The Supervisory Board will be responsible for the development of strategies for the Marketplace, insuring its transparency and quality of services and financial sustainability. The board will have the following functions:

- Review results achieved by management as compared with the Marketplace mission and annual and long-range goals.
- Approve the Marketplace mission and review management's performance in achieving it.
- Annually assess the ever-changing environment and approve the Marketplace's strategy to be responsive.
- Be certain that the financial structure of the organization will adequately support its current needs and long-range strategy.
- Provide candid and constructive criticism, advice, and comments.
- Annually review and approve the Marketplace funding plans.
- Review and approve the annual financial goals.
- Approve major policies.
- Ensuring synergy where is possible

Supervisory Board 5-15 members.

Current members of the board include donors of the marketplace:

USAID, SIDA, Pact/UNITER, Pact/RESPOND, Internews (U-Media project), Ch.S.Mott Foundation

Other member potentially interested to join EU, UNDP, IRF.

Advisory/Expert Board

The Advisory Board consisting of representatives of service providers and capacity development practitioners. The main role of the Advisory Board is to develop recommendations to the Supervisory Board as well as to the Marketplace Management on development of new services, directions of Marketplace development, trends and approached in organizational development.

The Advisory Board might proceed in the format of the CD Experts Club, COP other formats.

ISAR is developing policies for both boards and the first meetings and plans to conduct first board meetings in the next period. ISAR also plans to present and discuss overall Marketplace LogFrame and Service Providers Endorsement tool during the first meeting of the Supervisory Board.

Marketplace Management Body

NGO Marketplace mainly will be implemented by ISAR team. Some of the activities like IT, upgrading of portal, creating of new on-line services might be outsourced. The Management Body of the Marketplace is consisting of the NGO Marketplace Director and 3 Supervisors that coordinates work of the 3 components of the Marketplace Mechanism: on-line NGOMARKET, Voucher System and off-line capacity development initiatives.

Advisory Board 5-15 members

Currently will include the following members:

CCC, GURT, UKU, Dobrota Foundation, Business School "Krok", IREX, ZURC, UPF, Compass Audit and Consultant Firm, CIPE

ISAR successfully passed through the Pact A-133 audit-readiness program and system audit conducted by SIDA consultants in 2012. Joint efforts of Pact/UNITER and ISAR secured support from the Mott Foundation (\$30,000.00 for voucher pool) Swedish International Development Agency (SIDA) (\$770,000.00 for voucher pool and promotion of organizational development culture for 2012 - 2014), Internews Network (\$30,000.00 for voucher pool); \$210,000.00 (for technical voucher's pool and upgrading of Marketplace portal for HIV organizations). Pact continues promotion of the Marketplace among other donors such as UNDP, IRF and EU Delegation.

\$1,348,312.00 overall donor's buy-in to the Marketplace for Jan 2012 – Nov 2015 from Pact (UNITER/RESPOND); SIDA; Mott; Internews.

Objective 4: Civil society organizations are more financially sustainable and less dependent on foreign donors. (25%)

Activity 4a: Civic-private partnerships

Financial sustainability of the civil society is a cross-cutting theme and priority across UNITER projects. All UNITER partners are encouraged to work closer with different stakeholders including business and government. Pact promotes partnerships with business and government of all grantees.

1. Create enabling environment for Corporate Social Responsibility (CSR) development

CSR Center has continued its work promoting the important strategic document *National CSR Strategy*. CSR Centers has teamed up with advocacy expert Maksim Latsyba to streamline their efforts in initializing CSR practices in Ukraine. As a part of the advocacy efforts CSR Center conducted events involving different stakeholders, in particular with the new partners National Institute for Strategic Studies. They have conducted together a round table 'National CSR strategy

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as a step towards euro-integration'. The meeting was held with the support of the Presidential Administration of Ukraine, Ministry of Foreign Affairs of Ukraine and the Ministry of Economic Development and Trade of Ukraine in the framework of the National Convent on EU-Ukraine issues. The conference successfully delivered the message about cost of non-adoption of the strategy. The parties reached an agreement with the Ministry of Economy to work on the draft together and bring it to the top standards and work on its promotion.

In November 2012, CSR Center hosted its already traditional, third, **CSR Marketplace**. CSR Marketplace is unique format of informal communication business to NGO borrowed from European experience. This year 30 NGOs and businesses presented their social projects and practices, more than 500 people attended the Marketplace this time. The event culminated with award ceremony for the best not financial report among businesses and best community projects. Ultimate goal of the CSR Marketplace is to establish new partnerships between NGOs and businesses. This year CSR Marketplace resulted in six successful partnerships.

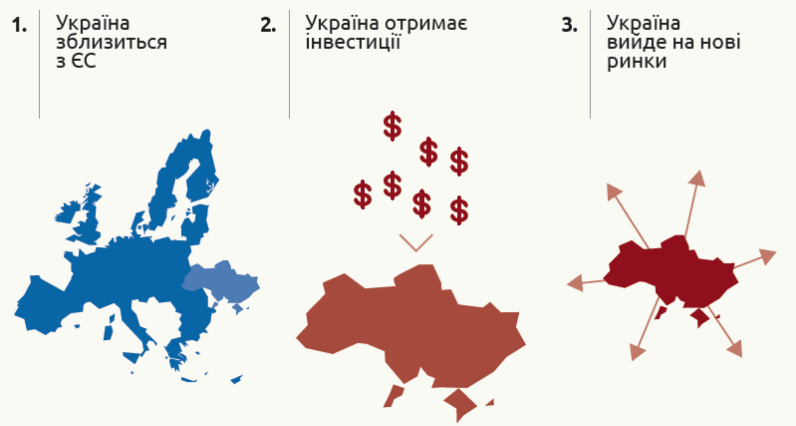
CSR Center introduced a new initiative this year called **Corporate Volunteering Week**. This is the Week when corporate staff shares their professional skills with NGOs. The Center conducted the event in three cities this year, Kiev, Lviv, and Dnepropetrovsk, engaging over 100 NGO representatives. 13 corporate volunteers through participative workshops shared skills that NGOs require establish effective partnerships with businesses. These skills include PR, communication, marketing, and skills to 'sell' their projects and ideas. The volunteers invested 42 hours of their time to re-connect with NGOs and ensure better ground for their further cooperation.

CSR Media Contest was organized with the goal to raise awareness about CSR and CSR national policies in different media. The participants could be representatives of electronic, print and television media in Ukraine, students – young journalists studying in Ukrainian Universities, members of associations of journalists who have published articles and / or released stories, reports and other materials on CSR in the Ukrainian media. Twenty three (23) journalists from Kyiv, Zhytomyr, Lviv, Dnipropetrovsk, Donetsk and Lugansk regions submitted 38 materials for the Contest, including 33 articles published in print and electronic media, 3 – TV materials and one radio program.

Activity 4b: Fund and reward public-private partnerships

During the fifth year of the project implementation, UNITER, in partnership with Ukrainian Philanthropists Forum (UPF), developed an action plan for institutional strengthening of philanthropy sector in Ukraine and is currently finalizing a new grant award.

Три глобальні вигоди від запровадження Національної політики з КСВ



In September 2012, UPF launched an advocacy campaign for inclusion of the recommendations on development of Ukrainian philanthropy in the National Civil Society Development Strategy. UPF has conducted a comprehensive study of Ukrainian philanthropic sector and developed a White Paper which will identify policy changes required for development. UPF conducted thematic meetings on the interconnections between the philanthropy sector and such spheres, as education, health, culture, and sports. During these sessions, experts from foundations, charitable organizations, and government (Ministry of Health, Ministry of Education, Ministry of Culture) defined main challenges that have to be addressed to achieve better philanthropic results in these areas. The main conclusions of each meeting were reflected in a report and were used for development of White Paper. As of today, UPF has prepared the White Paper, discussed it with charitable foundations in Ukraine and is going to publish it shortly.

Since 2012, advocacy work has become a key priority for Ukrainian Philanthropists Forum. In October 2012, UNITER supported UPF's project which included three advocacy campaigns: changes to the Resolution #223 of the National Bank of Ukraine regarding charity; promoting the recommendations to the Ministry of Health to establish Public Supervisory Boards at state healthcare facilities; and decreasing the tax rate or its complete elimination for charitable SMS.

Implementing the advocacy campaign on necessary ***changes in Resolution #223*** of the National Bank of Ukraine UPF conducted a number of working meetings with representatives of various banks and charity organizations (e.g. the Klitschko Brothers Foundation, the First Investment Bank, Ukrsibbank, Unicredit Bank and the Ukrainian Charity Exchange) to specifying necessary changes to be. Next, the UPF will form a working group from representatives of those banks who provide acquiring services to discuss the current situation regarding this issue.

Implementing the campaign on ***approving recommendations of the Ministry of Health to establish Public Supervisory Boards*** at state healthcare facilities, UPF prepared a number of documents on activities of Supervisory Boards in Ukraine and submitted them for consideration to the Ministry of Health through the Public Council under the Ministry. Several working meetings with stakeholders were held on promoting the model of supervisory boards at healthcare facilities. In particular, this issue was discussed at the working section at the the 5th International Conference of the Ukrainian Philanthropists Forum 'Philanthropy: Acting Accountably, Transparently, Publicly' (February 21, 2013).

Implementing the campaign on ***decreasing the tax rate or its complete elimination for charitable SMS***, UPF conducted meetings with mobile operators (Life:, KyivStar, MTS), as a result of which the companies agreed to send their representatives to the working group for preparing amendments to laws and regulations on SMS messaging. The first meeting of the working group was held on March 22, 2013 and possible ways of advocacy campaign implementation were identified.

On February 21, 2013 the Ukrainian Philanthropists Forum presented its new programme '***Corporate Donors Club***' and conducted the first meeting of the Club as a section of its 5th International Conference 'Philanthropy: Acting Accountably, Transparently, Publicly'. The section, titled 'Philanthropy of Business: It is Easy to Be Transparent', focused on the role of the business sector in ensuring transparency and accountability in charity work. The following specific topics were discussed at the section:

Representatives of UkrSibBank BNP Paribas Group, the Ernst and Young Company, Corporate Foundation of the First Investment Bank ‘Open Hearts of Ukraine’, Poland Donors Forum and ‘Silver Coin’ Charity Project shared their experiences and thoughts on modern trends in corporate philanthropy; practices of introducing the model of personnel involvement in planning, supporting and implementing corporate charity programmes; transparency and accountability as a necessary requirement for developing partnerships with client and partner companies; and corporate leadership in promoting charity.

Activity 4c: Facilitate access to sub-national government funding through services contracting

Activity 4d: Enhance local business engagement through community funds

As part of its program for Community Enhancement Centers in Crimea, Pact continues support engagement of local businesses in community funding. 5 community Centers will engage business in funding the local development projects that they implement.

V OTHER ACTIVITIES

1. Reflection on key components of the project

In the last year Pact has took a closer look on its achievements to date. Pact has used external experts to assess the level of development of civil society in particular field where it interacted. In particular Pact’s activities included:

- Assessment of the civil society enabling environment – Together with ICNL and ECNL Pact has reviewed the current state of the enabling environment, looked at Pact’s contribution to it and defined further priorities in development in this field (annex 9).
- Assessing the demand and supply for policy research – Together with IRF and Think Tank Fund, Pact has conducted polling and in-depth interview of think tanks and their stakeholders from government, business and civil society. The results of this research was presented at the conference held in March (annex 7).
- Assessing foreign policy sector capacity – with the help of consultant Pact looked closely at the foreign policy sector, NGOs that are active at this area and their ability to influence policy (annex 6).
- Crimea program assessment – with the help of CCC and using its own staff capacity Pact looked closer at the changes that happened in Crimea as a result of program implementation (annex 5).
- Sectoral leaders assessment – Pact Global Capacity Development Director together with UNITER staff has conducted the assessment of the Pact’s partners ability to influence the environment and adapt to the current trend. Together with the upcoming NUPAS assessment this will present a comprehensive picture of Pact’s achievements in strengthening capacity of the advanced organizations.

The results of these assessments are shared widely with stakeholders and inform future strategies for civil society actors.